DOCUMENT RESUME

ED 217 763 HE 015 125

TITLE Student Aid in Georgia: Outlook and Recommendations for the Mid 1980's.
INSTITUTION Governor's Committee on Postsecondary Education, Atlanta, Ga.
PUB DATE [82]
NOTE 54p.; For related document, See HE 015 130.
AVAILABLE FROM Governor's Committee on Postsecondary Education, 66 Luckie Street, N.W., Suite 808, Atlanta, GA 30303.

EDRS PRICE MF01/PC03 Plus Postage.
DESCRIPTORS *Access to Education; College Role; College Students; Educational Objectives; *Eligibility; Evaluation Criteria; Financial Aid Applicants; Financial Support; Government Role; *Need Analysis (Student Financial Aid); Parent Financial Contribution; Postsecondary Education; *Public Policy; *State Aid; State Government; Statewide Planning; Student Costs; *Student Financial Aid; Trend Analysis
IDENTIFIERS Blue Ribbon Commissions; *Georgia

ABSTRACT

Recommendations regarding student financial aid in Georgia, criteria for judging how well recommended policies are being met, and study findings of an assessment conducted by the Governor's Committee on Postsecondary Education are presented. Attention is directed to the following concerns: responsibility for the financial assistance of postsecondary students, basis for awarding state student financial aid, equitable distribution of need-based aid, efficient use of state financial aid funds, student eligibility for state financial aid, duration of student eligibility for state aid, and institutional eligibility for student aid. Assessment by the committee considered: the relationship between provider and student expenses, sources of funds to pay student expenses, types of student financial aid programs in Georgia, and the portions of student financial aid dollars and awards by type of aid and by basis of aid. A study of students receiving need-based financial aid during 1979-80 was conducted to determine how well the state's financial aid programs serve state goals. Two findings that convinced the committee that there is a need to reappraise state financial aid programs are as follows: (1) aid available to students who sought help on the basis of need was insufficient to meet all demonstrated need and there was some maldistribution of college student financial aid; and (2) changes and reductions in federal aid are being implemented. Appendices include the following: analysis of financial aid changes from 1979-1980 to 1983-1984: requirements for aid compared to committee proposals; information on number of accredited and nonaccredited postsecondary institutions in Georgia by sector; and number of state financial aid programs by basis of aid and sector. (SW)

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STUDENT AID IN GEORGIA:

Outlook and Recommendations for the Mid 1980's

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HE015723

STUDENT AID IN GEORGIA: OUTLOOK AND RECOMMENDATIONS FOR THE MID 1980's

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INTRODUCTION

The Governor's Committee on Postsecondary Education was originally established in 1978. In its first report, Postsecondary Issues: Action Agenda for the Eighties (June 1979), it recommended the development of a set of statewide, all-sector postsecondary education goals. Governor Busbee charged the Committee with this task and in addition directed the Committee to identify ways to measure progress toward the achievement of the goals. The accomplishment of this task was recorded in the Committee's second report, Georgia Postsecondary Education in the Eighties: Goals and Objectives (June 1980).

Following the establishment of statewide, all-sector postsecondary education goals, Governor Busbee commissioned the Committee to begin an assessment of where postsecondary education in the State stands in relation to goal achievement and to recommend ways to improve goal achievement. The Committee completed ten assessment reports covering about half of the goals and objectives and issued its third report, Georgia Postsecondary Education: Where We Are and Where We Need To Be (December 1981).

Assessment of two of the goals -- the equal opportunity goal, calling in part for programs to encourage postsecondary education participation, and the diversity goal, calling in part for an environment encouraging the preservation of the public and private segments of postsecondary education -- required a study of postsecondary education student financial aid programs. The initial findings of the study, coupled with dramatic changes in federal financial aid programs affecting Georgia students, make it clear that a comprehensive reappraisal of postsecondary education student financial aid policies in Georgia is needed. (See the section on the need for reappraisal.)

While the Committee reported its study and made recommendations about financial aid in Fall 1981, it did not attempt to develop a comprehensive view of what the ideal financial aid situation should be. Given the findings documented in the need for reappraisal section, this year the Committee chose to develop a comprehensive set of recommended State policies that would describe the ideal financial aid situation as an aid to reappraising the State's role. Such a set of policies is intended to be a statement of interelated principles which can guide present and future State decisions affecting student financial aid in order to achieve the related postsecondary education goals and objectives. The set of policies addresses major areas of interest and concern about student financial aid, and the interrelationships between the different parts of the topic are clarified.

The Committee has also developed criteria which serve as the definitions and standards by which they, and others, can judge how well the policies are being met -- how closely reality conforms to the ideal.

The Committee's approach was to take the previously developed statewide goals and objectives, and the initial assessment results, and then develop from them proposed State financial aid policies and criteria addressing all the major areas of concern. By this means the Committee could assess how well the ideal policies are being met and formulate further recommendations to guide the important decisions about student financial aid that will have to be made in the near future.

Based on a review of financial aid programs nationwide, the Committee determined that ther were seven major areas of concern, or questions, to be addressed: (1) Who has responsibility for student financial assistance: students and their families, governments, postsecondary education institutions, or the private sector? What levels of assistance should the various providers of funds be responsible for? (2) What are the legitimate bases on which decisions to give aid should be made? (3) What is a fair and equitable distribution of financial aid? (4) How can aid dollars be used most efficiently and serve their primary function? (5) How should basic eligibility requirements for financial aid be determined? (6) What time limits should be placed on the provision of financial aid to individual students? (7) Which postsecondary education institutions should students be able to attend and receive aid?

This report contains the Committee's further assessment of student financial aid programs affecting Georgia students and recommendations for redirecting student financial aid programs in Georgia to better serve the Committee's goals of equal opportunity, diversity, and student choice. The remainder of the report is divided into three sections. The following section presents the Committee's recommended policies, findings, and recommended actions. This section is organized around the seven questions listed above. The next section contains supporting documentation that backs-up the Committee's recommendations. Finally, several appendices provide additional supporting material.

RECOMMENDATIONS FOR THE MID 1980's

In order to promote equal opportunity and enable and encourage participation in postsecondary education, and in order to promote the diversity of postsecondary education opportunities in Georgia and to encourage the preservation of the public and private segments and promote student choice, the Committee recommends the adoption of the following State student financial aid policies. The Committee believes these policies represent the best principles on which to base State financial aid programs.

Recommended Rationale for State Student Financial Aid

The Committee's position is that the fundamental purposes of Georgia's financial aid programs should be to assist Georgia citizens who need and deserve financial help to avail themselves of Georgia's postsecondary educational opportunities; to promote the goals of comprehensive, diversified, and accessible postsecondary education opportunities for the citizens of Georgia; and to promote equitable opportunity for individuals to participate, consistent with their abilities and needs, without regard to race, sex, religion, age, ethnic origin, economic status, or handicap. These purposes should be achieved through means that maintain an environment that encourages the preservation of the public and private segments of postsecondary education and through promoting programs that enable and encourage participation in postsecondary education.

Responsibility for the Financial Assistance of Postsecondary Students

The Committee believes that postsecondary education primarily benefits the individual who pursues it effectively. However, the education of individuals at the postsecondary level benefits the State and Nation economically and socially. Therefore, the Committee proposes the following policy.

Recommended Policy on Responsibility: The primary financial responsibility for student educational expenses rests with the student and his or her family. A secondary responsibility rests with governments, the private sector, and postsecondary institutions themselves to provide financial assistance in those cases where additional assistance is needed. The State should take into account, in the funding, design, and operation of its financial aid programs, the ability of students and their families to pay for postsecondary education and the types of financial assistance available from federal and local governments, postsecondary institutions, and the private sector. Taking these factors into account the State should provide significant assistance in support of students unable to meet their educational expenses.

Recommended Criteria: The Georgia Student Finance Commission[1] should monitor the amount of unmet need for individual financial assistance that exists in the State, taking into account all sources of student financial aid. The State should attempt to reduce the gap between unmet need and available aid through the development of a comprehensive student financial aid monitoring system which would uniformly measure unmet need and available self/family contribution and available aid. The State should use the results of

1. See Appendix C.

this monitoring to adjust State aid programs to reduce unmet need. Equitable limits for both direct expenses (tuition, fees, books, and supplies) and indirect expenses (housing, meals, transportation, and personal) should be established by the Georgia Student Finance Commission, and in no case should a student who applies on the basis of need and receives needs-based State aid receive more aid than needed: i.e., the combined aid to the student -- self/family contribution, federal, State, institutional, and other sources -- should not exceed the total direct and indirect educational expenses.

Findings, Conclusions, and Further Recommendations: The Committee's study of undergraduate students who applied for needs-based aid yielded the estimate that about 47,000 students, statewide, submitted such applications and received some form of aid in 1979-80 (not all necessarily received needs-based aid).[2] This figure was about 33% of the full-time undergraduate enrollment that year. Thus, it appears that the vast majority of undergraduate students find it possible to meet their educational expenses without seeking needs-based financial aid.[3] Among those who did apply for assistance, estimated expenses totaled about $159 million. The student's and family's expected contribution was $60 million and $83 million in aid was provided. The total of these contributions and the aid provided fell $17 million short of meeting the estimated expenses. This means that, if the expense estimates were accurate, the students or their families had to cover the shortfall in some way or the student could not remain in school. Covering the shortfall would bring the total student/family contribution to $76 million dollars -- close to on a par with the aid provided.

Thus, it appears that most students and their families in the State of Georgia assume their rightful primary responsibility for educational expenses. However, among students who have demonstrated need, students and their families assume a secondary but significant share of the expenses. On the assumption that the methods for calculating expected family contribution are fair and accurate -- and they are based on a Department of Labor low budget standard of living[2] -- it seems fair to conclude that these needy students and their families contribute what they can be reasonably expected to contribute. Thus the primary role of outside aid in paying these students' expenses is in accord with the policy that calls for outside agencies to provide aid in cases of demonstrated need.

The policy also calls for the State to take into account the ability of students and families to pay and the types of financial aid available from all sources, and provide significant assistance in support of students unable to meet their expenses. The Georgia Student Finance Commission[4] employs a nationally recognized method of determining expected family contribution and takes into account the receipt of the federal Pell Grant (formerly BEOG) for students applying for the Student Incentive Grant (SIG) -- the State's general needs-based grant program. Over $3 million were granted to students through this program in 1979-80.

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2. See the section profiling financial aid in Georgia and explaining the need for reappraisal.

3. Ninety-three percent (93%) of the recipients were full-time students. Nonetheless, the 33% estimate is low because many financial aid recipients are not in the pool of needs-based applicants. For example, only 13% of the recipients of guaranteed student loans (GSL) in 1979-80 were estimated to be in the pool of needs-based applicants.

4. See Appendix C.

However, about $9 million were distributed through the Georgia Tuition Equalization Grant (GTEG) program which does not evaluate student need, expected student/family contribution or other aid received.[5] Thus, it appears that Georgia does not adequately ensure that students/families are contributing what they can, nor is the receipt of all other forms of aid adequately taken into account.

The criteria calls for the Student Finance Commission to monitor the amount of unmet need taking all sources of aid into account and uniformly measuring family contributions. Such a comprehensive monitoring system is not in place. Thus, the Student Finance Commission is not in the most desirable position of being able to adjust, or seek adjustments, of State aid programs to reduce unmet need maximally.

The criteria further calls for equitable limits to be established for direct and indirect expenses in order to promote maximal distribution. This is done for the SIG program but not for the other State programs. Thus, the larger portion of State aid dollars are distributed without regard to equitable limits on direct and indirect expenses. Possibly as a result of these problems, about 23% of students in the pool of applicants for needs-based aid had overmet need while 70% had unmet need and 7% had their need met exactly, the Committee study revealed.

To help remedy the existence of overmet need, the Committee offers this FURTHER RECOMMENDATION: THE GEORGIA STUDENT FINANCE COMMISSION COULD REQUIRE, THROUGH THE RECOMMENDED MONITORING SYSTEM, THAT STUDENTS WITH OVERMET NEED WHO RECEIVE STATE NEEDS-BASED AID REFUND THE AMOUNTS RECEIVED ABOVE DEMONSTRATED NEED, UP TO THE AMOUNT OF STATE AID RECEIVED, OR BE SUBJECT TO INELIGIBILITY FOR ANY SUBSEQUENT STATE AID.

Clearly, the nearly $15 million in State aid to postsecondary education students during 1979-80 was a significant amount. However, the level of unmet need among needs-based applicants more than equaled this amount. Over the entire pool of needs-based applicants, the Committee estimates the unmet need to have been $17 million. Among the applicants in the pool there was a total of over $11 million in overmet need. Thus, the dollar value of unmet need among recipients with unmet need was $28 million. Given this finding and the increase in unmet need expected to result from federal cutbacks[6] (a loss of $84 million by academic year 1983-84), the Committee offers this FURTHER RECOMMENDATION: A GREATER STATE ROLE IN THE PROVISION OF GENERAL NEEDS-BASED STUDENT FINANCIAL AID IS NEEDED, IF PROGRESS TOWARD THE EQUAL OPPORTUNITY GOAL IS TO BE MAINTAINED. EXPANSION OF THE STATE SIG PROGRAM SHOULD BE COUPLED WITH IMPLEMENTATION OF THE MONITORING SAFEGUARDS SPECIFIED IN THE POLICY AND CRITERIA TO BETTER ENSURE THE ACHIEVEMENT OF THE PURPOSES OF STATE FINANCIAL AID.

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5. The Committee study revealed that approximately 56% of the recipients of the GTEG during 1979-80 were, however, among the pool of applicants for needs-based aid.

6. See Appendix B and the section on the need for reappraisal.

Basis for Awarding State Student Financial Aid

In the section "Introduction to Student Financial Aid" the seven (7) factors that financial aid programs are based on throughout the nation are presented. The Committee has considered each one and determined that the following should be the recognized and employed bases for awarding aid from the State of Georgia.

Recommended Policy on the Basis of Aid: The State should make the overriding emphasis of its financial aid programs the awarding of aid on the basis of financial need. This should be achieved through a general needs-based grant program. If financial need among eligible applicants from accredited institutions for general needs-based aid exceeds the available dollars, then student merit or capability, in conjunction with need, should be used to ration the available funds. In addition the State should have a special needs-based financial aid program for students attending accredited private and accredited proprietary institutions, to complement its commitment to providing public postsecondary education equal in quality to that provided by the private segments and to promote the goal of diversity. Finally, the State should have a program of student financial aid to encourage or reward students who choose and successfully complete postsecondary programs in fields of study where critical State need exists and who agree to serve in areas of critical need.

Recommended Criteria: Virtually all funds awarded and students served by State financial aid programs should be on a needs basis. In the determination of need, the Student Finance Commission should recognize that both direct educational expenses (tuition, fees, books, and supplies) and indirect expenses (housing, meals, transportation, and personal) contribute legitimately to student financial need. The State should employ, for its needs-based programs, as the basis for its needs analysis a nationally recognized uniform methodology application form for the determination of expected student and family contribution.

If funds for general needs-based aid are insufficient (requiring rationing on the basis of merit in conjunction with need), the Student Finance Commission should employ a system for measuring student merit or capability that will permit a merit or capability rating for both vocational-technical and collegiate students. The system could take into account such factors as high school class rank, high school grade point average, standardized test scores, previous postsecondary education performance, and special achievements.

The special program to assist students from accredited private and accredited proprietary institutions should be needs-based. Total funding for this program should remain at the level of funding for the Georgia Tuition Equalization Grant program in 1981-82 relative to State support of public colleges. No individual award under this program should exceed the difference between the direct expenses at the student's institution and those at the highest priced public institution.

The Student Finance Commission should have a systematic method of evaluating, on a continuing basis, critical State needs and should employ forgivable loan and loan purchase programs to encourage students to pursue these fields of study and agree to serve the State in these fields of study.

Findings, Conclusions, and Further Recommendations: As Appendix A shows, currently only 20% of State aid is awarded on the basis of need. The tuition equalization based GTEG program -- a non needs-based program -- disperses 60% of State aid and the othernon needs-based State aid programs disperse 20%. Clearly, the overriding emphasis of State financial aid programs is not the awarding of aid on the basis of need.

The policy further calls for the general needs-based grant to be the overriding vehicle. Clearly, this is not currently the case since less than one-fourth of the State's aid is distributed trhough the SIG program. Also, 40% of these funds are federal and may be cut off. Thus, the Committee offers this FURTHER RECOMMENDATION: THE STATE NEEDS TO SUBSTANTIALLY INCREASE THE AMOUNT OF AID PROVIDED THROUGH THE SIG PROGRAM.

For the 1979-80 year there were 1,738 more eligible applicants for SIG than could receive funds, due to the limited amounts available. The policy calls for funds to be rationed on the basis of student merit or capability as well as need in this case. Student merit or capability, as described in the criteria, is not used to determine SIG grant awards when funds are insufficient to meet all demonstrated need.

The policy also calls for the existence of a special needs-based grant program to assist students attending accredited private and proprietary institutions. The purpose of such a program is to promote diversity and student choice through tuition equalization. The GTEG program does provide tuition equalization, but not on the basis of need and has contributed to an environment encouraging the preservation of the private segment, according to an earlier investigation by the Committee.[7] Qualified students receive the GTEG without demonstrating need. Probably most GTEG recipients do have need -- as evidenced by an estimated 56% of the 1979-80 recipients being in the needs-based applicant pool. But to award the grant to all without a needs analysis and to some who do not have need, does not accord with the policy. The Committee's position is that this State aid should not go to students who do not need it. Nineteen states have programs serving private sector students exclusively (See Appendix F). Of these, only eight are on a pure equalization basis like Georgia's. Twelve (63%) are on a needs basis. Thus, the GTEG program is not typical of the dominant form of providing tuition equalization aid. The Committee offers this FURTHER RECOMMENDATION: THE GTEG PROGRAM BE CONVERTED TO A NEEDS-BASED PROGRAM BUT FUNDING SHOULD REMAIN AT THE 1981-82 LEVEL RELATIVE TO STATE SUPPORT OF PUBLIC COLLEGES.

The policy also calls for accredited proprietary institution students to be among those to receive the special needs-based equalization grant. Currently, students at accredited proprietary institutions are not permitted to receive any State aid.[8] The Committee offers this FURTHER RECOMMENDATION: STUDENTS ATTENDING APPROPRIATELY ACCREDITED PROPRIETARY INSTITUTIONS BE ELIGIBLE FOR AID UNDER A NEEDS-BASED GTEG PROGRAM.

The policy finally calls for the existence of an aid program to encourage students to choose and serve in areas of critical State need. The State Direct Student Loan (SDSL) program serves this purpose: serving 2,329 students in

7. See the Committee's assessment report "Preservation of Public and Private Institutions."

8. This is the case even though the numbers of proprietary institution students are used by the State in requesting Georgia's allotment of federal SIG funds.

1979-80 with $2,537,357. The criterion calls for a continuous, systematic assessment of areas of critical State needs. No comprehensive survey to determine critical State needs has been conducted since the program was initiated some years ago. Improved means of identifying and adjusting the list of critical fields for this program would appear to be needed. In addition, accredited proprietary institution students are not permitted to receive this form of aid. Thus the Committee presents this FURTHER RECOMMENDATION: THE GEORGIA STUDENT FINANCE COMMISSION IMPLEMENT A SYSTEMATIC METHOD FOR IDENTIFYING AND ADJUSTING THE LIST OF CRITICAL FIELDS FOR THE SDSL PROGRAM AND THAT STUDENTS ATTENDING APPROPRIATELY ACCREDITED PROPRIETARY INSTITUTIONS, WHO OTHERWISE QUALIFY, BE ELIGIBLE FOR AID UNDER THE SDSL PROGRAM.

In addition, Georgia currently supports two non needs-based financial aid programs that award aid on bases not approved in the proposed policy: the Law Enforcement Personnel Dependents Grant (LEPD) and the North Georgia ROTC Scholarship program.

The criterion that virtually all state aid funds and students be on a needs basis is clearly not met, as has been shown. However, the method of determining need for those students who do receive needs-based State aid does recognize both direct and indirect expenses, as called for by the criteria.

In summary, significant changes in the regulations and appropriations for State aid programs are required to bring them in line with the State policies and criteria supported by the Committee.

In addition to those changes directly suggested in this section, changes in the State regulations for the Georgia Guaranteed Student Loan (GSL) program could help meet the policies.

The Georgia GSL program is a non needs-based program allowing undergraduate and graduate students to borrow funds directly from banks, credit unions, savings and loan associations and other participating lenders. The Georgia Higher Education Assistance Corporation (see Appendix C) serves as the guarantor of these loans and the Federal Government backs up the State and pays interest subsidies (see Appendix B). It is possible to make the GSL program wholly or partially needs-based. Oklahoma and Maryland have needs-based GSL programs. Such a change could substantially increase the proportion of aid distributed in Georgia on the basis of need. As a result the Committtee offers this FURTHER RECOMMENDATION: THE GEORGIA STUDENT FINANCE COMMISSION MOVE TO CONVERT GEORGIA'S GSL PROGRAM TO A PREDOMINATELY NEEDS BASIS WITH SOME FUNDS CONTINUING TO BE AWARDED ON A CRITICAL FIELDS BASIS.

Equitable Distribution of Needs-based Aid

In order for the States' needs-based financial aid programs to serve the equal opportunity goal, no discrimination on the basis of race, religion, sex, age, ethnic origin, economic status, or handicap should affect financial aid distribution. Accordingly, the Committee proposes the following policy.

Recommended Policy on Equitable Distribution: The distribution systems for State needs-based financial aid should insure that aid is awarded fairly. That is, students with differing characteristics (race, age, sex, dependency status, attendance status, income, sector participation, or regional location) who have the same amount of need, or need-merit, should be offered the same amounts of State financial aid.

Recommended Criteria: As a part of the comprehensive monitoring system described above, the Georgia Student Finance Commission should analyze the degree to which students with differing characteristics and similar need, after the receipt of all forms of aid is taken into account, have significant differences in the amounts of State aid received. Appropriate investigations and adjustments in the distribution system should be carried out as needed. In addition, inequities in the distribution of non-state aid should be reported to the relevant awarding agencies with recommendations for modification on an annual basis.

Findings, Conclusions, and Further Recommendations: A series of tests were performed on the data from the Committee study to determine if this criteria is being met. First, as reported in the section on the need for reappraisal, significant differences in unmet need were found between recipients 18 to 22 years old and those older, males and females, full-time and part-time students, dependent and independent students, recipients with family incomes below $18,000 and those above, and white and minority students. In two of these cases -- that of independent/dependent students and that of older/younger students -- need was greater for one group in each set (independent and older students) but the aid they received was significantly less. Thus, with respect to total aid received from all sources, independent and older recipients do not appear to get their fair share.

With respect to State aid programs, there were five cases where the higher need group received the same aid -- independent/dependent students, male/female students, full-time/part-time, minority/white, and older/younger students. In the case of lower income students, need was significantly higher but aid was significantly less. Thus, with respect to State aid received through the SIG and TEG programs, female, part-time, minority, older, independent, and lower income recipients did not appear to get their fair share.

In further analyses the relationship between need and total aid was tested. The correlation (R) of need with total aid was .498. Among the 8.9% of recipients with need below $500, there was not a significant difference between the total aid received by independent and dependent students. Among the 6.7% of recipients with need between $500 and $1,000, there was significantly more received by independent students. However, among the 84.4% of recipients with need over $1,000, independent students received significantly less. Thus, it appears that it is high need independent recipients who are particularly unfairly treated.

Among recipients with need under $1,000, there were not significant differences in the amounts of State of aid received by older and younger students. However, for those students with need over $1,000, younger students received significantly more even though their need was $179 less. So, here again, it appears that a maldistribution exists.

The relationship between need and State aid was also tested. The correlation of need with State aid was .246. Among State aid recipients with need under $500, there were no significant differences in State aid received by higher and lower income students. But, for students with a need above $500, there were significant differences: higher income recipients received more than lower income recipients. So, in contrast to the finding with respect to total aid from all sources, the distribution of State aid appears to discriminate against lower income students.

In light of these findings the Committee proposes this FURTHER RECOMMENDATION: THE GEORGIA STUDENT FINANCE COMMISSION SHOULD INVESTIGATE THESE APPARENT INEQUITIES AND REPORT INEQUITIES IN NON-STATE AID TO THE APPROPRIATE AWARDING AGENCIES WITH RECOMMENDATIONS. IN THE CASE OF INEQUITIES IN THE DISTRIBUTION OF STATE AID, THE GEORGIA STUDENT FINANCE COMMISSION SHOULD INVESTIGATE THE CAUSES AND REVISE THE REGULATIONS AND PROCEDURES FOR DISTRIBUTING STATE AID ACCORDINGLY TO ELIMINATE TRUE INEQUITIES.

Efficient Use of State Financial Aid Funds

The Committee believes that different modes of distributing financial aid vary in efficiency. That is, some modes allow more needy students to be served with the same amount of dollars. Consequently, the Committee recommends the following policy.

Recommended Policy on Efficient Use of State Funds: While it recognizes the justification for financial assistance to postsecondary students, the State should endeavor to efficiently use State funds to help the most students with the available dollars.

Recommended Criteria: In order to efficiently use State funds available for student financial aid, the State of Georgia should have both needs-based loans (some possibly repayable by service) and grant aid programs to assist needy students. Since the State puts a high priority on student and family self-help, the State should, in distributing its needs-based loan and grant awards, reserve its grant awards for the most needy. The less needy should be eligible for loans.

Findings, Conclusions, and Further Recommendations: Currently, available funds are insufficient to meet all demonstrated need. (See the section on the need for reappraisal and Appendix B). The strategy currently used by the Georgia Student Finance Commission (see Appendix C), to meet this policy is reduction of the average amounts distributed. That is, rather than meeting more need for a smaller number of students, the Commission meet less need for the largest number of students possible with an amount sizable enough to be helpful through the SIG program. The criteria, however, calls for the existence of both needs-based grant and loan programs and the distribution of grants to the most needy and loans to those less needy. The State does not have a needs-based loan program.[9] Therefore, the Committee proposes this FURTHER RECOMMENDATION: THE GEORGIA STUDENT FINANCE COMMISSION DEVELOP A NEEDS-BASED LOAN PROGRAM, POSSIBLY BY CONVERTING THE GSL PROGRAM TO A NEEDS BASIS, AND CONTINUE TO EMPLOY THE STRATEGY OF SERVING THE LARGEST NUMBER OF NEEDY STUDENTS AS POSSIBLE WITH A SUM SIZABLE ENOUGH TO BE HELPFUL IN THE SIG PROGRAM.

The Committee believes that the State of Georgia has a responsibility to assist its needy citizens and thus recommends the following policy.

Recommended Policy on Student Eligibility: The State's responsibility to provide student financial aid should be limited to bonafide residents who show promise of being able to benefit from postsecondary education.

9. In certain cases where students are unable to obtain GSL funds, the Georgia Student Finance Authority will loan students money under the SDSL program. However, this may or may not be done on a consistent needs-basis. The suggestion mentioned above of making the GSL program in Georgia needs-based could be an avenue of implementation for the current suggestion.

Recommended Criteria: In order to be eligible for financial aid under a State of Georgia student aid program, a student should be a legal resident of Georgia for 12 months prior to the beginning of the term for which aid will be used and be a United States citizen (or be classified as a permanent resident alien); should be admitted to an accredited postsecondary education institution, or if attending, remain in good standing or be making satisfactory progress toward the completion of an undergraduate collegiate or vocational-technical program leading to a formal award. The meeting of these eligibility standards should qualify a student to submit an application for State aid to be evaluated by criteria previously presented (for example, evaluated on the basis of need).

Findings, Conclusions, and Further Recommendations: In most cases the currently employed eligibility requirements are supported by the Committee's proposed policy (See Appendix D). However, there are several notable exceptions. Part-time students are not eligible for any State grant programs and students must be at least half-time to be eligible for GSL loans in Georgia. During 1979-80 part-time students accounted for 30% of the undergraduate enrollment in public colleges or universities, 10% in private colleges or universities, and 70% in public vocational-technical schools, Thus, the Committee believes that the restriction on eligibility for State financial aid limits access to postsecondary education for a large and growing number of students. The Committee therefore proposes this FURTHER RECOMMENDATION: PART-TIME STUDENTS SHOULD BE ELIGIBLE FOR STATE FINANCIAL AID, AND IF OTHERWISE QUALIFIED, SHOULD RECEIVE AID ON A PRORATED BASIS.

The SIG program requires that students not have a four-year or five-year college degree. The Committee believes this to be overly restrictive, and thus proposes this FURTHER RECOMMENDATION: STUDENTS WHO OTHERWISE MEET THE ELIGIBILITY AND BASIS OF AID REQUIREMENTS, SHOULD BE ELIGIBLE TO RECEIVE STATE AID PROVIDED THAT AWARDING AID TO SUCH STUDENTS WOULD NOT VIOLATE THE DURATION OF AID POLICY. THAT IS, STUDENTS WHO MEET THE ELIGIBILITY REQUIREMENTS AND BASIS OF AID REQUIREMENTS WHO HAVE NOT USED THEIR YEARS OF ELIGIBILITY SHOULD BE ABLE TO RECEIVE AID FOR THE APPROPRIATE DURATION, EVEN IF THEY HAVE A DEGREE.

The GTEG program restricts eligibility to students attending eligible independent (non-profit) colleges or universities in Georgia. The Committee proposes this FURTHER RECOMMENDATION: THAT STUDENTS ATTENDING INSTITUTIONS APPROVED BY THE PROPOSED POLICY ON ELIGIBLE INSTITUTIONS, WHO ARE OTHERWISE QUALIFIED, SHOULD BE ABLE TO RECEIVE AID UNDER THIS PROGRAM.

Duration of Student Eligibility for State Aid

The Committee does not believe the State has a responsibility to indefinitely provide aid to individual students. As a result, the following policy is recommended.

Recommended Policy on Duration of Aid: The State should be responsible for providing student aid to bonafide postsecondary education students for a limited period of time.

Recommended Criteria: State student financial aid should be available to eligible students for the standard full-time equivalent length of the students' program; e.g. where a full-time student would be expected to complete a program in four years, four years of eligibility should be recognized; or on a pro-rated basis, if the student attends less than full-time. No student should receive aid for more than four full-time equivalent years, or the full-time equivalent number of years required to complete the program, whichever is greater

Findings, Conclusions, and Further Recommendations: Normally the period of time required for a student to complete a collegiate program will be four years of full-time study -- five years in the case of certain specialized programs. For vocational-technical and junior college students the normal time requirement ranges from six months to two years depending on the program. Current financial aid practices limit the duration of aid accordingly. However, because part-time students should be fairly served by receiving pro-rated aid the Committee proposes this FURTHER RECOMMENDATION: THE DURATION OF ELIGIBILITY FOR STATE AID SHOULD BE APPROPRIATELY EXTENDED ON A PRO-RATED BASIS FOR PART-TIME STUDENTS.

Institutional Eligibility for Student Aid

The Committee recognizes that all postsecondary education institutions are not of adequate quality and believes that the State should not assist students attending institutions not meeting the standards of recognized voluntary accrediting bodies. Hence, the Committee recommends the adoption of the following policy.

Recommended Policy on Institutional Eligibility: Since the quality and standards met by postsecondary education institutions vary, the State should offer aid only to students attending those institutions which have been approved as meeting appropriate operating standards.

Recommended Criteria: For the purposes of receiving State student financial aid a student should attend a postsecondary education institution which has been designated as "approved," "excluded," "exempt," or State operated under Georgia laws (Georgia Constitution, Georgia Postsecondary Education Authorization Act, or Georgia Proprietary School Act) and which is accredited by a Council on Postsecondary Accreditation (COPA) or United States Department of Education (ED) recognized accrediting agency.

Findings, Conclusions, and Further Recommendations: Currently, students attending public postsecondary institutions, and non-sectarian non-profit institutions are eligible for aid whether their institution is appropriately accredited or not. On the other hand, students attending accredited proprietary (profit-seeking) postsecondary education institutions are not eligible for State financial aid. The Committee believes that the educational quality of a postsecondary institution is a better criteria for eligibility than the profit seeking status of the institution. Accordingly, the Committee proposes this FURTHER RECOMMENDATION: STUDENTS ATTENDING APPROPRIATELY ACCREDITED INSTITUTIONS WHICH ARE NOT SECTARIAN IN ACADEMIC EMPHASIS SHOULD BE ELIGIBLE TO RECEIVE STUDENT FINANCIAL AID FROM THE STATE TO PURSUE THEIR STUDIES AND THAT STUDENTS ATTENDING INSTITUTIONS WHICH ARE NOT APPROPRIATELY ACCREDITED SHOULD NOT BE ELIGIBLE FOR STATE STUDENT FINANCIAL AID. (Appendix E shows how many appropriately accredited institutions exist in Georgia in each sector.)

ASSESSMENT FINDINGS

Introduction to Student Financial Aid

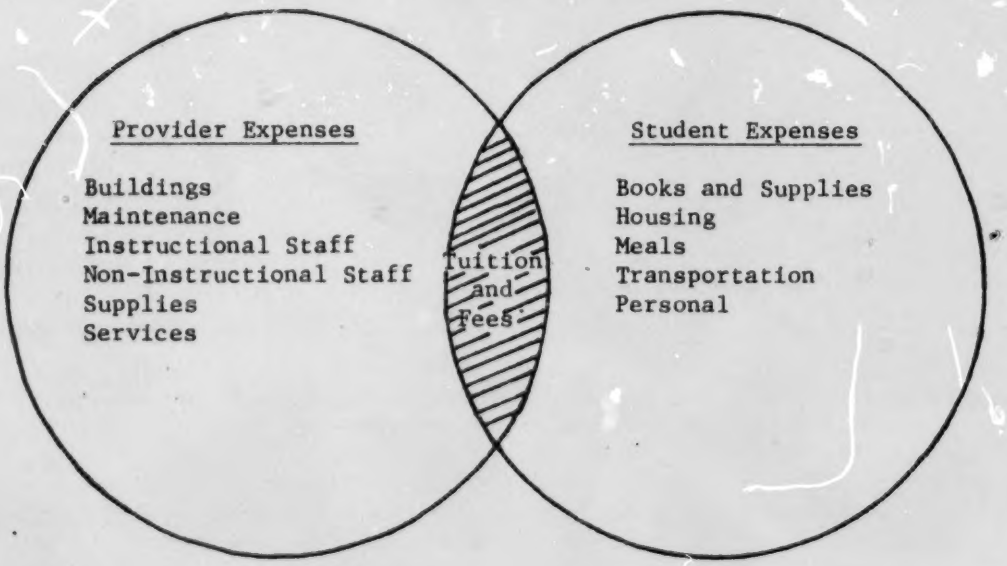
Postsecondary education is expensive. Costs are high for both providers and receivers of postsecondary education. The costs of providing postsecondary education and the costs of receiving a postsecondary education, are, however, related.

From the perspective of providers, costs consist of building and maintaining facilities, paying instructional and non-instructional staff, and purchasing supplies and services. From the perspective of the student, costs consist of tuition and fees, books and supplies, housing, meals, transportation, and personal expenses.

Both providers and consumers must have some way of paying their costs. The providers charge students tuition and fees which amount to only a portion of the cost of providing postsecondary education.[10] Figure 1 illustrates the relationship between provider and student expenses.

Figure 1

The Relationship Between Postsecondary Education Provider and Student Expenses*



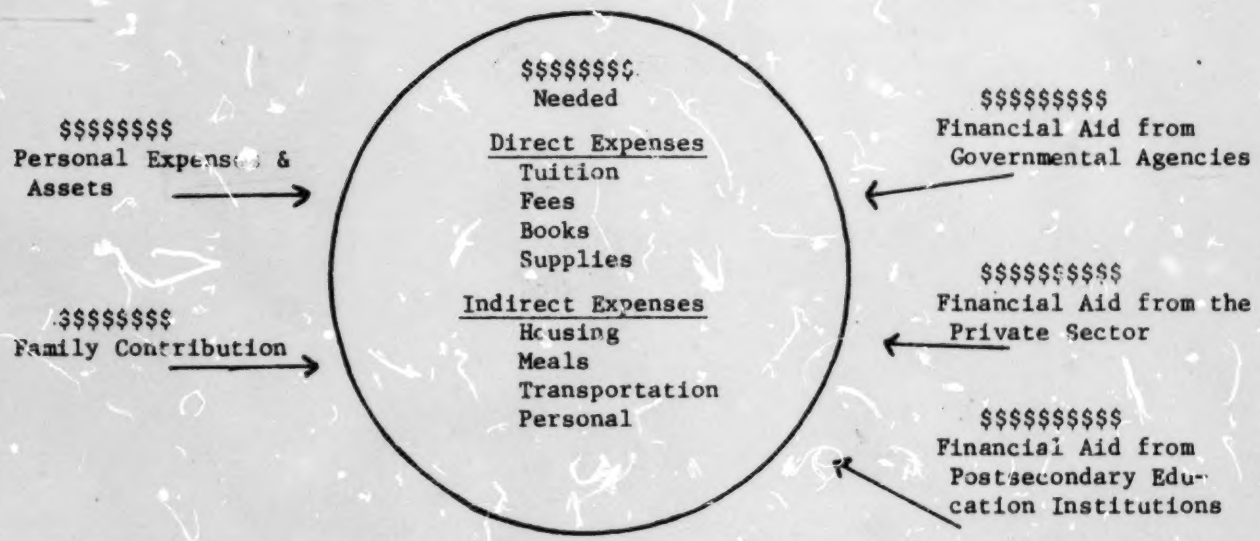
*Not to scale.

10. In Georgia, the portion ranges from slightly under 20% in University System institutions to just over 60% in private non-profit institutions.

There are five sources of funds that postsecondary education students use to pay for their direct and indirect educational expenses: personal earnings and assets; a family contribution from earnings and assets; and financial aid from governmental agencies, from philanthropic organizations and private lenders, and from postsecondary education institutions themselves. Figure 2 illustrates these sources.

Figure 2

Sources of Funds to Pay Student Expenses



Financial aid programs come in three basic forms: grants, scholarships, and educational benefits programs, which do not require repayment; loan programs, which require repayment in dollars or service; and "work/study" programs which help students earn money to pay their expenses.

An examination of financial aid programs nationwide reveals that decisions to award financial aid are based on seven different factors:

1) student financial need exclusively

2) student financial need and student merit or capability

3) student merit or capability exclusively

4) equalization of public sector and private sector tuition costs to students

5) student intent to study in special or critical fields of study

6) special student characteristics, such as dependent child of a disabled veteran, and

7) mere attendance at a postsecondary education institution.[11]

The major emphasis of postsecondary education student financial aid programs nationwide during the 1970's was serving students with financial need. As a result, special uniform methods were developed, and are employed in Georgia, for measuring and analyzing student financial need. The basic concept employed in these nationally uniform methods is that a student is said to have financial need if his or her estimated expenses are greater than the amount a student and his or her family can reasonably be expected to contribute from their earnings and assets (see Figures 2 and 3).

Postsecondary education institutions provide students and prospective students with expense estimates for both direct and indirect expenses. These estimates are based on the actual or projected tuition and fees charged at the institution and projections of indirect expenses based on studies of living costs in the vicinity of the institution for students with different characteristics. (For example, residence at home, on campus, or off campus.) The amount of estimated expenses will vary among types of students, but be quite similar for students at the same institution and similar, to a lesser extent, for students at institutions in the same sector (e.g. public or private colleges).

Expected family contribution can be determined for each student that represents a reasonable amount the student and his or her family can be expected to pay of the total estimated expenses. Since the mid 1950's, a standardized methodology for such analysis has been developed by financial aid professionals, governmental agencies, and financial aid services. The expected family contribution is computed based on family income and assets, with allowances made for a U.S. Bureau of Labor Statistics "low-budget" standard of living, future retirement needs, and for indebtedness. A portion of the student's own assets and summer earnings are also considered available. In addition, educational benefits received from the Social Security Administration or the Veterans Administration are included in the expected family contribution computation.

The most common factors which affect expected family contribution are the number of family members, outstanding debts, age of family members, number of family members employed, and the number of family members in postsecondary education institutions. The system which computes the amount of expected family contribution deals first with the objective facts of the family's financial circumstances, treating all families equally, and then recognizes exceptional circumstances when appropriate.

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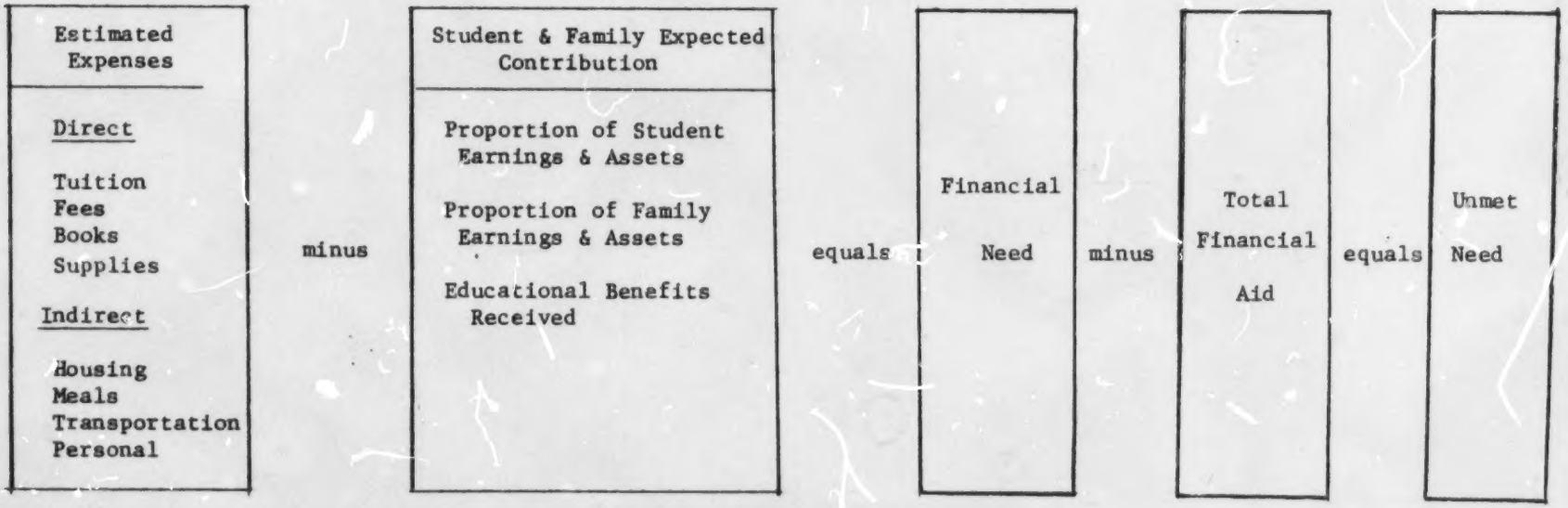
11. Derived from, National Association of State Scholarship and Grant Programs 11th Annual Survey - 1979-80 Academic Year, and State Support of Private Higher Education: Programs in Operation or Approved in the 50 States and District of Columbia as of January 1, 1980, by the Education Commission of the States.

Figure 3

Postsecondary Education Student Financial Need and Unmet Need



Profile of Student Financial Aid in Georgia

A wide variety of financial aid programs to assist Georgia postsecondary education students are available (Figure 4). The Federal Government offers 8 non-repayable aid programs: 5 educational benefit programs to students with special characteristics (such as veterans) and 3 needs-based grant programs. In addition, the Federal Government shared responsibility with the State of Georgia for a needs-based grant program. The Federal Government also shared responsibility with postsecondary education institutions, the State, or private lenders for 5 loan programs and a work-study program.[12]

The State offered 4 non repayable aid programs in the form of needs-based, critical field, special category, and tuition equalization grant programs (Figure 4). The State also offered 3 loan programs in addition to that shared with the Federal Government and private sector lenders. Postsecondary education institutions themselves and other philanthropic agencies also offered non repayable loan, and work-study programs.

Student financial assistance from the Federal Government by far dominates the scene in Georgia, both in terms of dollars distributed and number of students assisted. Figure 5 shows that 66% of financial aid recipient awards and 73% of financial aid dollars distributed in Georgia in 1979-80 were through Federal programs.

Looked at from another point of view, non-repayable aid programs dominated the scene. Figure 6 shows that over 75% of all recipient awards and aid dollars in 1979-80 were in non-repayble aid programs.

A final way of looking at postsecondary education student financial aid distribution in Georgia is shown in Figure 7. Figure 7 shows that nearly 70% of aid recipients and 51% of all aid dollars were distributed in non need-based programs.[13]

During the five years from 1975 to 1980 tremendous changes in financial aid programs affecting Georgia postsecondary students took place. Over this period the stream of students graduating from Georgia's public high schools remained nearly constant -- increasing only around 6%. Yet, postsecondary education enrollments increased substantially -- around 51%. In addition, the total operating expenditures of postsecondary education institutions increased nearly 34% while the Consumer Price Index (CPI) rose 53%. Even greater changes in the provision of student financial assistance were occurring, as Figures 8 and 9 illustrate. For example, growth in participation in financial aid programs and growth in expenditures show that Georgia's participation in the

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12. All Federal financial aid programs changed in minor ways for the 1980-81 academic year. More substantive changes were made for the 1981-82 academic year and even more substantive changes are being considered for the 1982-83 academic year. The impact of these changes on financial aid programs in Georgia is discussed in the section on the need for reappraisal and in Appendix B.

13. Appendix A shows how the proportions displayed in Figures 5, 6, and 7 interrelate.

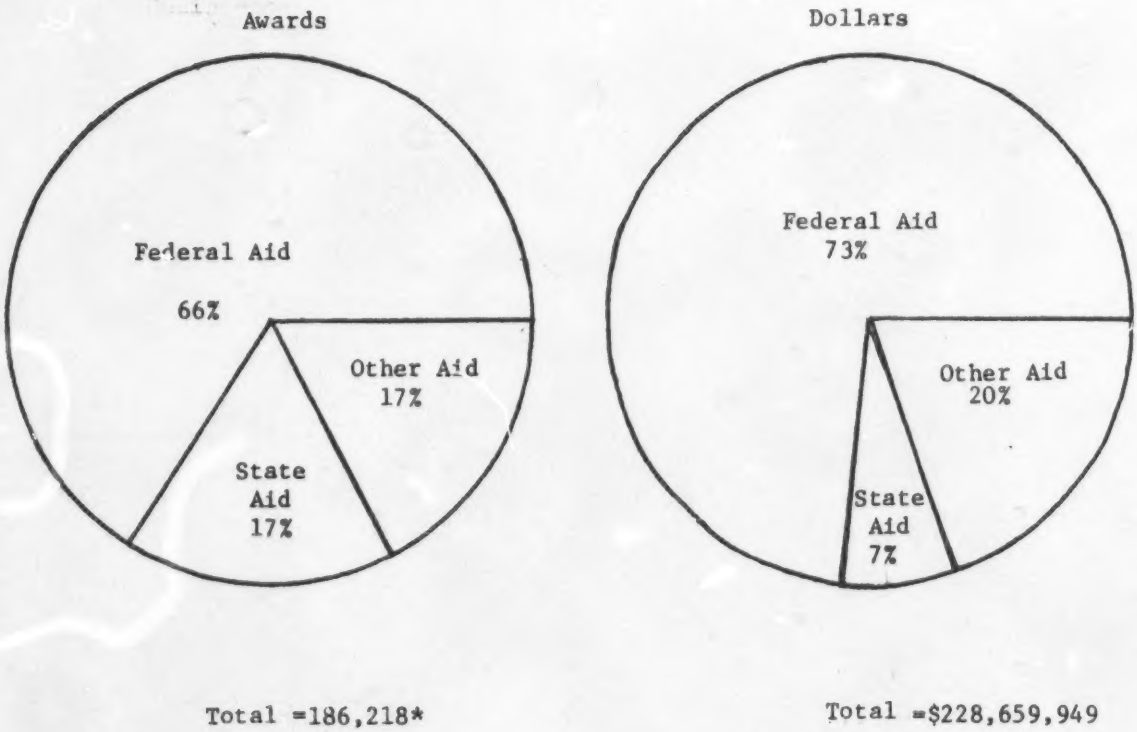
Figure 4

Financial Aid Programs in Georgia by
Type, with Source of Funds, and Basis for Awards

Type of Program		Name of Program	Source of Funds	Basis for Award
Non-Repayable Aid	Educational Benefits	Veterans Educational Assistance (GI Bill)	Federal	Special Category
		Dependent Educational Assistance (DEA)	Federal	Special Category
		Vocational Rehabilitation (VR)	Federal	Special Category
		Social Security Dependents Programs	Federal	Special Category
		CETA Classroom Training Program	Federal	Special Category
	Grants and Scholarships	Pell Grant (BEOG)	Federal	Need
		SEOG	Federal	Need
		Federal Nursing Scholarship	Federal	Need/Critical Field
		Student Incentive Grant (SIG)	State/Federal (60/40)	Need
		Tuition Equalization Grant (GTEG)	State	Tuition Equalization
		Law Enforcement Personnel Dependents Grant(LEPD)	State	Special Category
		N. Georgia College ROTC Grant	State	Critical Field
		Regents Opportunity Grant	Regents	Special Category
		Other Grants & Scholarships	Varies	Varies
		Institutional Grants & Scholarships	Institutional	Varies
Loans		NDSL	Federal/Institutional (90/10)	Need
		GSL	Federal/State/Private Sector	Attendance
		SDSL	State	Critical Field
		Federal Nursing	Federal/Institutional (90/10)	Need/Critical Field
		Health Professions Loan	Federal	Need/Critical Field
		Georgia Military Scholarship	State	Critical Field
		Georgia Medical Scholarship	State	Critical Field
		Regents Loan	Regents	Need
		Other	Varies	Varies
		Institutional	Institutional	Varies
Work-Study		Federal CWSP	Federal/Institutional (80/20)	Need
		Institutional	Institutional	Varies

Figure 5

Proportions of Postsecondary Education Student Financial Aid Dollars and Awards by Source of Aid, 1979-80



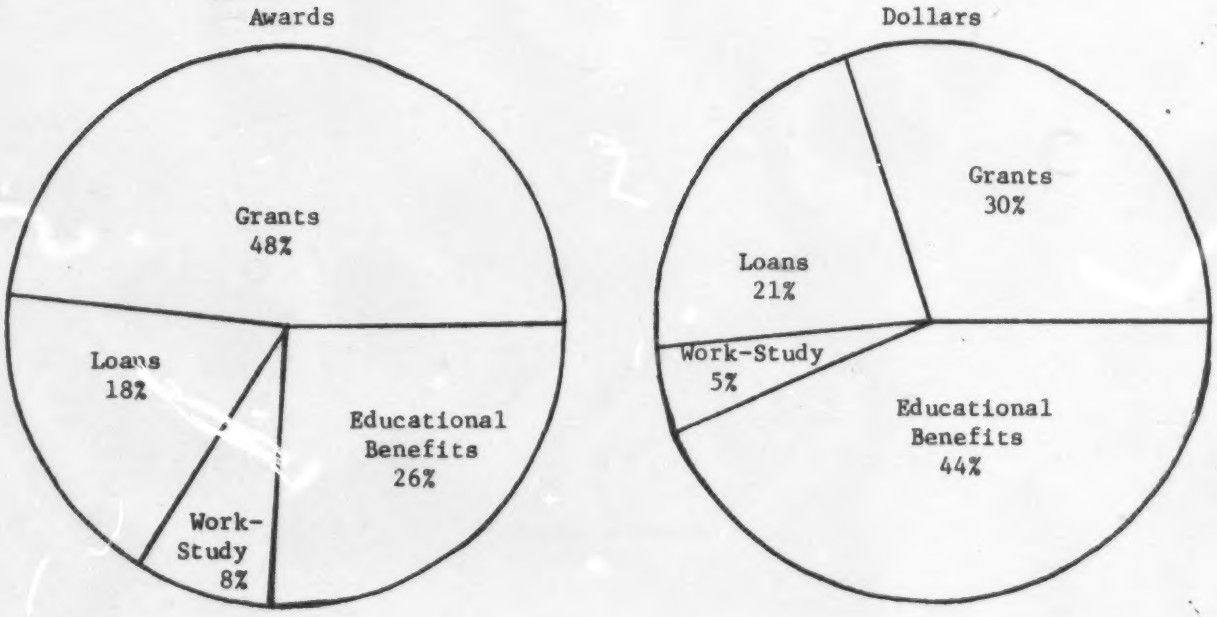
Total =186,218*

Total =$228,659,949

*A student receiving aid from one or more aid programs is counted each time

Figure 6

Portions of Postsecondary Education Student Financial Aid
Dollars and Awards by Type of Aid, 1979-80



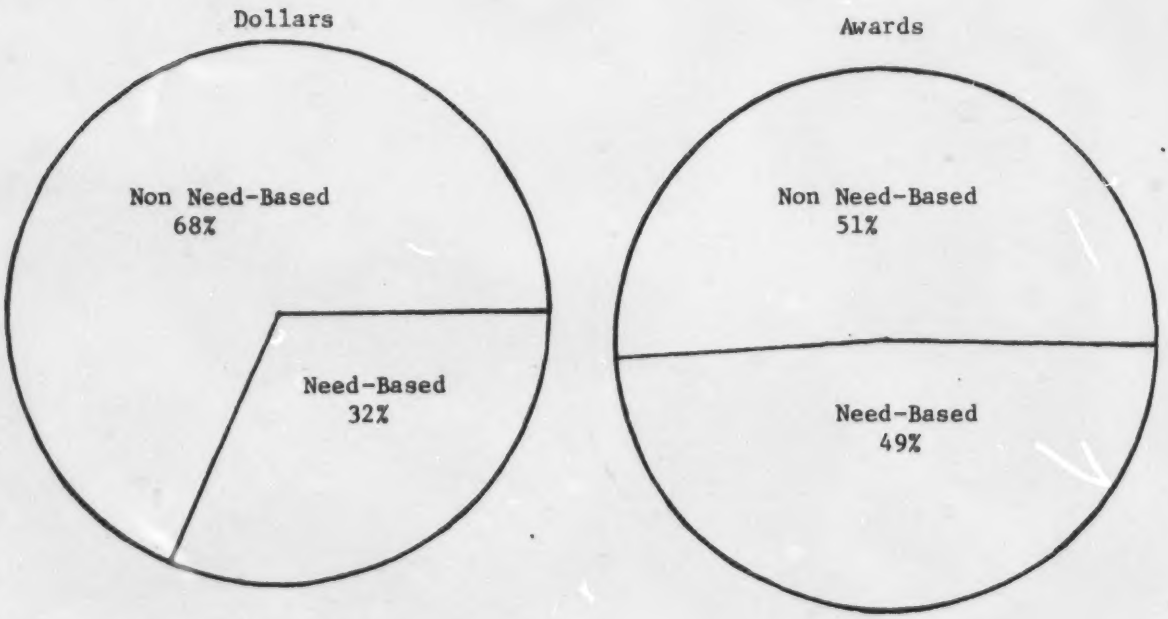
Total = 186,218*

Total =$228,659,949

*A student receiving aid under two programs is counted as two awards.

Figure 7

Proportions of Postsecondary Education Student Financial Aid Dollars and Awards by Basis of Aid Award, 1979-80



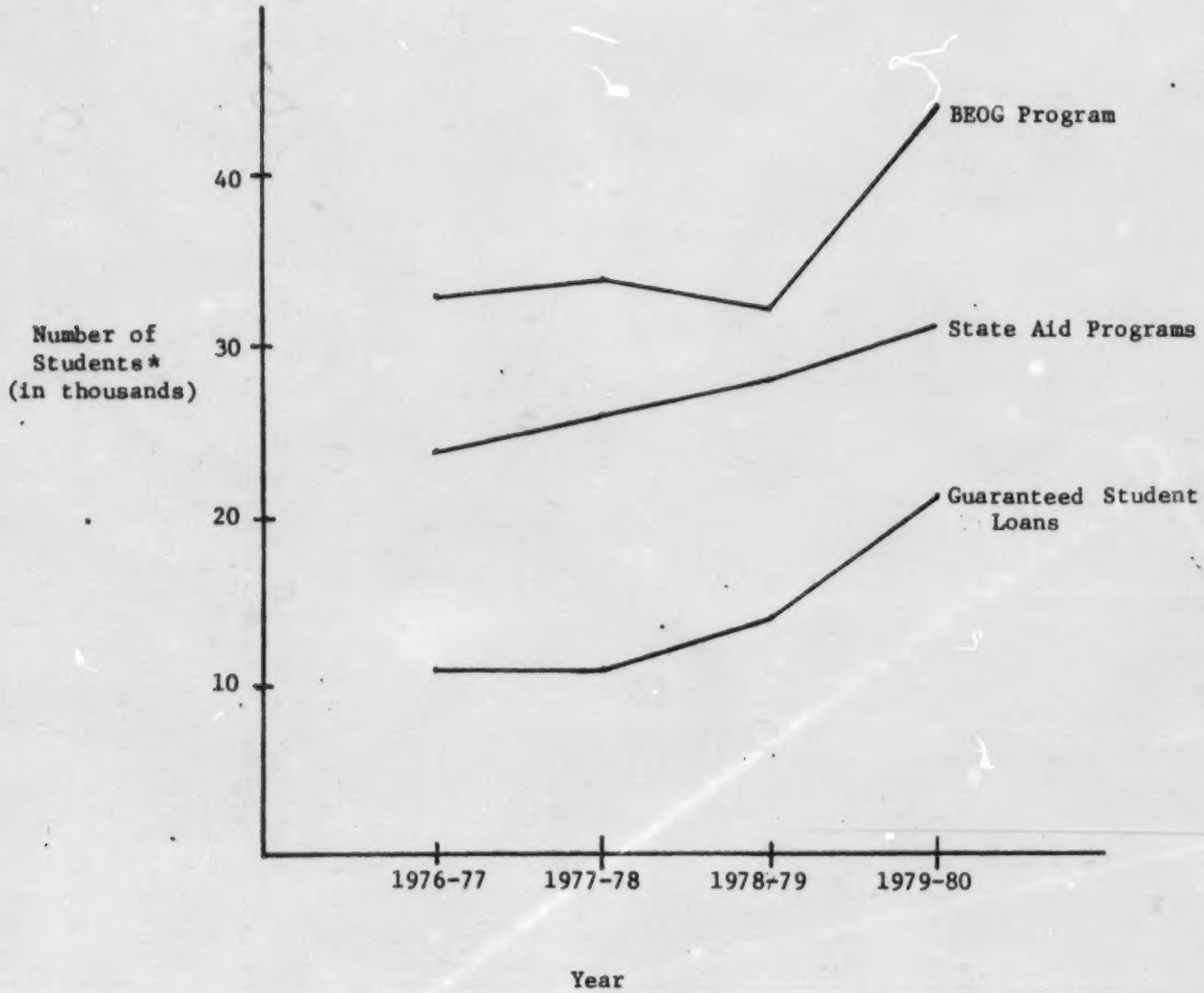
Total = $228,659,949

Total = 186,218*

*A student receiving aid under two programs is counted as two awards.

Figure 8

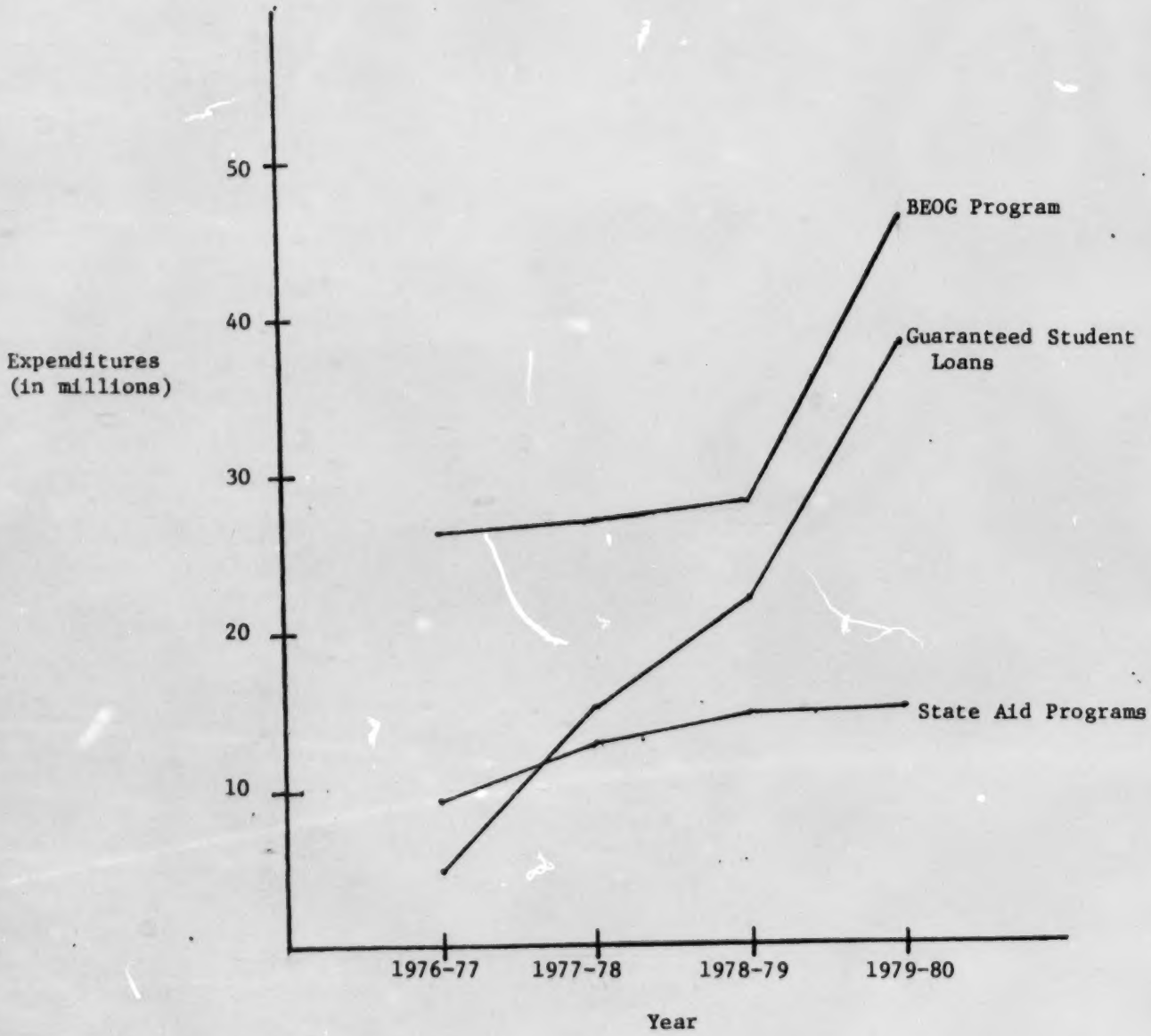
Comparison of Growth in Georgia Postsecondary Education Student Participation in Selected Financial Aid Programs



*A student receiving aid from more than one program is counted each time.

Figure 9

Comparison of Growth in Expenditures for Georgia Postsecondary Education Student Financial Aid Through Selected Programs



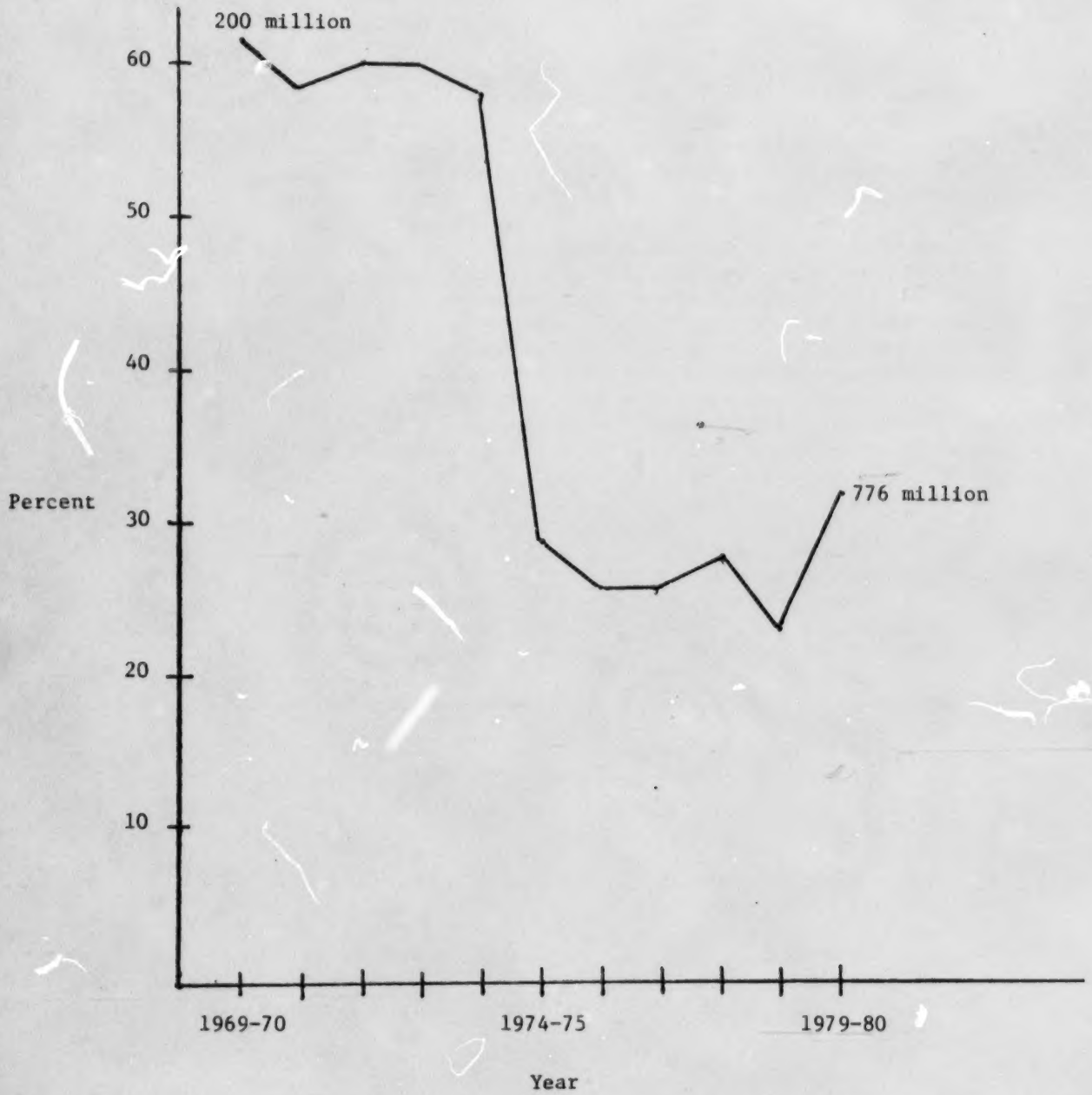
BEOG program increased from approximately 33,000 students in 1976-77 to around 44,000 students in 1979-80 -- a 33% increase, while expenditures for this program, over the same period, increased 77% to around $46 million. Participation in financial aid programs offered by the State also increased by 29% while expenditures for State aid increased by about 50% to around $15 million. Finally, participation in the GSL program increased 91% while amounts loaned under the program increased 660% to around $38 million.

The BEOG program served the most students throughout the period while the GSL program served the fewest. The BEOG program also expended the most dollars throughout the time span. The GSL program, at the beginning of the 1976-77 to 1979-80 time span, was expending the least amount. But by 1979-80 expenditures in the GSL program far exceeded State aid expenditures and were approaching the level of BEOG expenditures.

Nationwide, over the past ten years, states' roles in the provision of needs-based aid has diminished (Figure 10). In 1969 about 62% (about $124 million) of all needs-based aid, nationwide, was from state appropriations. By 1980 only about 32% (about $243 million) of the total was from state appropriations. So while state appropriations nearly doubled, the federal role grew to such an extent that the state share of needs-based aid was almost cut in half.

Figure 10

State Appropriations Nationwide for Needs-Based Grants as a Percent of Total (Federal and State) Needs-Based Funds, 1969-1980



Source: Robert H. Fenske & Joseph D. Boyd. State Need-Based College Scholarship and Grant Programs: A Study of Their Development, 1969-1980. College Board Report No. 81-7, 1981.

The Need to Reappraise State Financial Aid Programs

The Committee pursued the student financial aid topic because financial aid programs promote two goals and their related objectives previously adopted by the Committee. The first goal is the equal opportunity goal which the Committee supported by saying:

> Consistent with beliefs in basic human dignity and social justice is the belief that all individuals should have an opportunity to enter and pursue postsecondary education with the assurance that no racial, religious, sexual, age, financial, or physical barriers will exist to prevent their admission and full participation. At the same time, the American tradition of democratic opportunity goes hand in hand with the concept that all individuals must meet appropriate qualifications and requirements for entrance into institutions and programs of their choice. With the current decline in enrollments and increasing competition for students, the importance of maintaining the integrity of institutional programs while applying in a fair and equitable manner institutional policies, practices, and procedures has become more significant. In addition, the public is becoming increasingly aware that while current institutional structure and practices may meet the needs of traditionally-aged students, they may still pose serious barriers for those groups in society who have not previously sought postsecondary education. Such barriers as discrimination, inadequate secondary school preparation, steoreotyping of individuals, and unnecessarily high educational costs must be addressed whever they are evident.[14]

The specific goal and relevant objective adopted by the Committee were:

> GOAL: Equitable opportunity for individuals to participate in postsecondary education, consistent with their abilities and needs, without regard to race, sex, age, religion, ethnic origin, economic status, or handicap.
>
> Objective: Programs that enable and encourage participation in postsecondary education.[14]

Financial aid programs are a key vehicle through which this goal and objective can be promoted. They also serve another goal adopted by the Committee -- the diversity goal. About this goal the Committee said:

> It has often been pointed out that the strength of Georgia's system of postsecondary education lies in its diversity of programs and institutional settings. Furthermore, a

14. Georgia Postsecondary Education in the Eighties: Goals and Objectives, June, 1980: p. 6.

balance between public and private institutions has been regarded as necessary for maximum vitality and quality of both. So that students will have a wide range of postsecondary options from which to make choices according to their needs, capabilities, interests and goals, and environment which fosters strong public and private segments must be maintained and preserved.[15]

As a result, the following goal and objective were adopted.

GOAL: Comprehensive, diversified, and accessible postsecondary education opportunities for the citizens of Georgia.

Objective: An environment which encourages the preservation of the public and private segments of postsecondary education.[15]

Remarks made by Governor Busbee in his 1980 Policy Statement highlighted the importance of interest in this particular area. Governor Busbee's policy statement said:

> Although it may not be regarded as impeding access to a postsecondary education, financial need can also restrict educational opportunities. Governor Busbee is committed to providing adequate student assistance programs as a way of expanding access and opportunity. Financial assistance should be available to all Georgia citizens who need and qualify for aid.
>
> The diversity of types of student aid was intended to provide for the variety of circumstances in which student need may arise. However, there are changes in student populations which may make even this diversity inadequate.
>
> Current financial aid programs are built on certain assumptions about enrollments and parental contributions that may no longer be valid....
>
> Current trends require an evaluation of existing programs to determine whether help is being given where needed....
>
> College students are not only becoming older, but they also are more likely to attend on a part-time basis.
>
> The non-traditional and part-time students pose some special problems for student financial aid programs... We need to understand the problems of non-traditional and part-time students and develop strategies of financial support appropriate to their needs.

15. Georgia Postsecondary Education in the Eighties: Goals and Objectives June, 1980: p. 6.

> While examining the financing of student aid, it is important to remember that the state has neither the fiscal capabilities nor the responsibility to provide for all student financial aid needs of its citizens. Continued assessment is required of current and future financial aid needs and the ability to meet them. Meeting all costs of postsecondary education, including financial aid programs, depends on the continued existence and development of a partnership among the state government, the federal government, postsecondary institutions, students, and the students' families.[16]

In order to determine how well Georgia's financial aid programs serve these goals, the Committee conducted an in-depth study of students receiving needs-based financial aid during 1979-80.[17]

Two main findings of that study convinced the Committee that there is a need to reappraise State postsecondary education student financial aid programs. The first of these findings was that the aid available to students who sought help on the basis of need was insufficient to meet all demonstrated need and there is apparently some maldistribution of postsecondary education student financial aid. The study showed that students with different characteristics (e.g. men compared to women, Blacks compared to Whites) had strikingly different levels of unmet need.

For its study, the Committee took a 10% random sample of undergraduate students who applied for and received financial aid on the basis of need for the 1979-80 academic year in institutions participating in State or Federal needs-based aid programs. On the average the estimated expenses of these students was slightly over $3,600 while student and family expected contributions averaged slightly over $1,300. Thus, on the average, these students had a demonstrated need for just over $2,300. The average total aid received (about $1,900) was not sufficient to cover the need; therefore, there was an average unmet need of just over $400.

These findings yielded the conservative estimate that $17 million more was needed statewide during 1979-80 to meet the demonstrated need of undergraduate students.[18] Since the Committee believes that economic status should not be a barrier to postsecondary attendance, the existence of this level of unmet need is a justification for a reappraisal of State financial aid programs. The Committee believes that the State needs to face the question of what might be done to reduce unmet need -- which tends to act as a barrier to postsecondary education participation.

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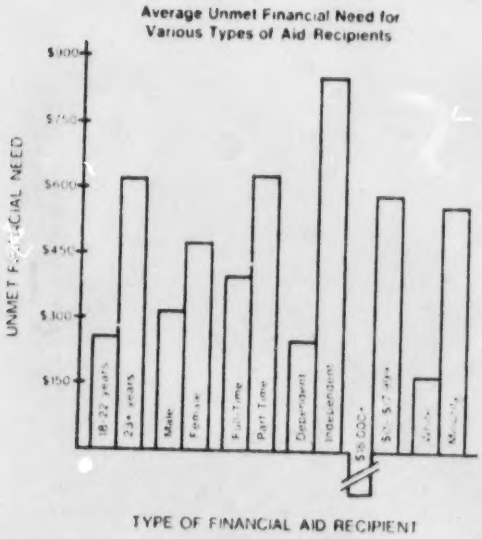
16. Governor's Policy Statement 1980: pp. 27-28.

17. See the Committee's assessment report "Programs Encouraging Postsecondary Participation."

18. The study also revealed that $11 million in overpayments were distributed. The $17 million unmet need figure assumes the proper redistribution of the $11 million. Among recipients with unmet need, the total value is estimated to be $28 million.

As noted above, the Committee discovered that some categories of students had much more unmet need than others. Figures 11 and 12 display these differences. An analysis revealed that, almost without exception, these differences were statistically significant, i.e. indicative of a true difference between the two categories in each pair.

Figure 11



Expenses were significantly higher for women, but their family contribution was not, when compared to that for men. Therefore, their need appeared greater. Women did receive significantly more aid than men but not enough more to prevent them from having $136 more in unmet need.

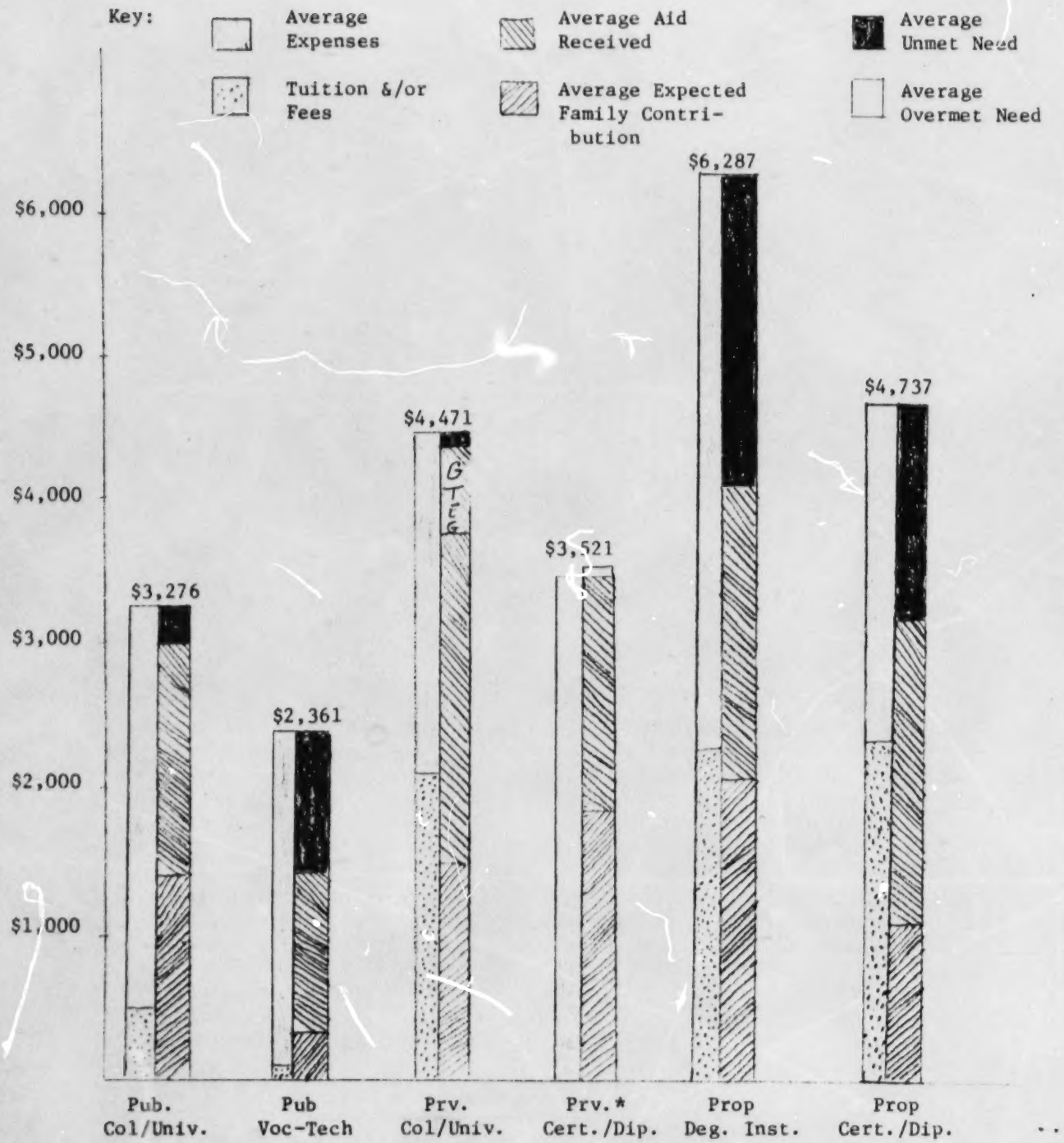
Expenses did not significantly differ for full-time and part-time students. Part-time students were expected to contribute significantly more and thus showed significantly less need. Accordingly, they received significantly less aid. However, the difference in unmet need of full- and part-time students was not significant. [19]

Independent students had significantly higher expenses and expected contributions compared to those for dependent students. But even with a higher expected contribution, they had significantly higher need. However, independent students received significantly less aid. The result was a $613 greater unmet need than for dependent students.

19. This is possibly a result of the very small number of part-time students receiving needs-based aid in the applicant pool (5%).

Figure 12

How Student Expenses Were Met Among 1979-80
Needy Financial Aid Recipients



*Tuition/Fees Proportion Unknown

Older students had significantly higher expenses and expected contributions. Even with the higher expected contributions, they had significantly higher need. However, they received significantly less aid, resulting in an unmet need $421 greater than younger students.

Minority students (97% of which are Black) had significantly higher expenses and significantly lower expected contributions. As a result, their need was significantly higher than that of White students. They did receive significantly more aid, but not enough more to prevent them from having $386 more unmet need than White students.

There was not a significant difference between the estimated expenses of higher and lower income students. However, understandably, the family contribution expected was significantly higher for the higher income students. Thus, need was significantly higher for lower income recipients. They also received significantly more aid but not nearly enough more to prevent them from having a $997 higher average unmet need.

Thus, not only was there not enough aid to meet the demonstrated need, unmet need was much higher for some types of students than others. Therefore, the financial barrier to postsecondary education participation was greater for some types of students. Furthermore, in two of the cases analyzed -- those of independent/dependent and younger/older students -- there appeared to be an unfair distribution of aid. For, while need was greater for older and independent students, the aid they received was significantly lower.

Differences between the results for students in the various sectors also were significant (Figure 12). Unmet need existed in every sector with the exception of private certificate or diploma institutions -- which showed a small average overmet need. Unmet need was lowest in private colleges or universities and was highest in proprietary degree granting institutions.

Table 1 shows that need was from $229 to $2,585 higher in the various sectors when compared to the sector with the lowest average need. Two sectors were characterized by higher need and yet recipients in these sectors received from $112 to $714 dollars less aid on the average. Thus, the resulting unmet need for students in these two sectors was from $341 to $1,126 higher on the average. Recipients in the three other sectors with higher need received, on the average, higher amounts of aid. Nonetheless, unmet need was from $144 to $2,164 higher in these sectors. Therefore, it appears that financial aid is not uniformly distributed according to need across the various sectors. The Committee believes that these results show that the financial barriers to postsecondary education are not uniformly diminished by the set of financial aid programs being offered and that State aid programs should be reappraised to see what changes for the better might be possible.

The second finding that supported reappraisal was the fact that substantial changes and reductions in Federal financial aid programs are being implemented and further reductions are being considered by the Federal Government. Given the heavy dependence of so many Georgia students upon Federal aid, it is anticipated that undesirable consequences could develop from the changes being implemented and considered. (See Appendix B)

Table 1

Financial Aid Sectoral Differences*

Sector	Differences			No. of Recipients
	Need	Total Aid	Unmet Need	
Public Colleges/Universities	$ 229	$ -112	$ 341	2,830
Public Vocational-Technical Schools	412	-714	1,126	523
Private Colleges/Universities	1,299	1,156	144	1,009
Private Certificate/Diploma Institutions	Lowest Need Sector Used As Standard of Comparison			21
Proprietary Degree Institutions	2,585	421	2,164	146
Proprietary Certificate/Diploma Institutions	2,019	439	1,580	127

*For the purpose of analyzing sectoral differences, the sector with the lowest average need among its recipients was taken as the standard. Then the dollar amount differences between the averages for recipients and that of the lowest need sector were calculated.

Figure 13 shows that great reductions are expected in Georgia as a result of changes in Federal financial aid programs. The Federal educational benefit programs (Veterans Administration, Social Security Administration, and CETA) are expected to distribute $105 million this academic year (1981-82) to Georgia postsecondary students. These programs served more than 46,000 Georgia students in 1979-80 and roughly 4,000 a year fewer will be served by the Social Security program alone; which is scheduled to be fully phased-out by May of 1985. It can be expected that large numbers of the students who have depended upon these forms of assistance and who have not sought other aid will do so as they receive less from these programs. For those dependent upon these programs who also receive other forms of aid, a greater need will result. Overall, the reductions in these programs, and the phase-out of the Social Security program in particular, will place heavy new burdens on the current financial aid system which currently fails to meet all demonstrated need.

Another, approximately, 46,000 Georgia students were served by the Federal campus-based programs in 1979-80 through which $67 million were distributed. These funds are expected to diminish to $31 million for academic year 1983-84. In addition, changes in the regulations governing the programs may disqualify 5,200 Georgia students for the Pell Grant alone. Therefore, at a time when changes in the Federal educational benefit programs is expected to generate more demand for other forms of financial aid, the Federal campus based programs are themselves being reduced. Thus, it can be expected that additional demand pressures for the remaining financial aid programs will be generated.

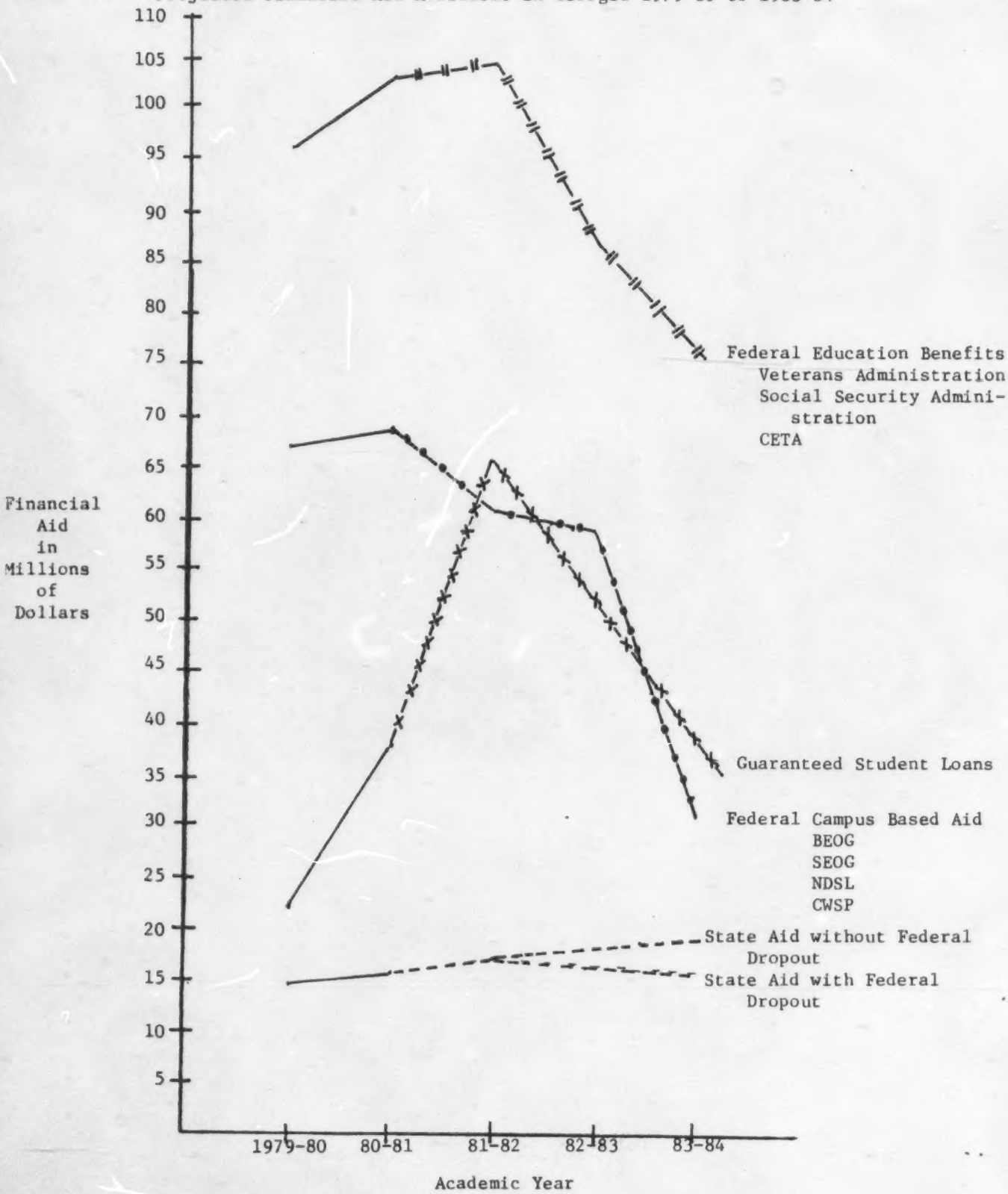
Another Federally supported aid program has grown to be a major source of assistance, the Guaranteed Student Loan (GSL) program. Under this program the Federal Government underwrites student loans made by private lenders by paying the market interest rate of the loans while the students are in school, paying the difference between the market interest rate and the reduced rate charged when the student begins repayment upon leaving school, and by reimbursing lenders for loans in default. In the current year, 1981-82, $66 million are expected to be loaned to just over 32,000 Georgia students. The Federal Government is instituting changes in the regulations and appropriations for this program which are expected to reduce the amount loaned to Georgia students to $39 million for the 1983-84 academic year. The number of students served is expected to fall to just over 25,000 by that time. Thus, this possible source for making-up for the other losses does not appear to offer much that could alleviate the expected increased demand for financial aid in Georgia.[20]

20. Probably as many as 25% of GSL recipients are graduate students. The financial aid needs of graduate students has not been studied by the Committee. But the changes in the GSL program are expected to cause particularly difficult adjustments for graduate students. It has been proposed that graduate students cease to be eligible for the GSL program. In its place they would be eligible for the new auxilliary/parent loan program (ALAS). This program however requires repayment to begin while the student is in school and requires the student/parent to pay a higher interest rate than under GSL. Thus, many graduate students may not be able to use this program.

The use of the ALAS program by parents might be a means to reduce the increasing demand for financial aid. However, the terms of the program and the fact that it is just being set-up in Georgia make it unlikely that the increased demand will be diminished much by this program.

Figure 13

Projected Financial Aid Available in Georgia 1979-80 to 1983-84*



Note: Solid line represents an actual expenditure.

*Appendix B contains a description of derivations of these projections.

On the contrary, changes in this program can be expected to increase the demand for financial aid.

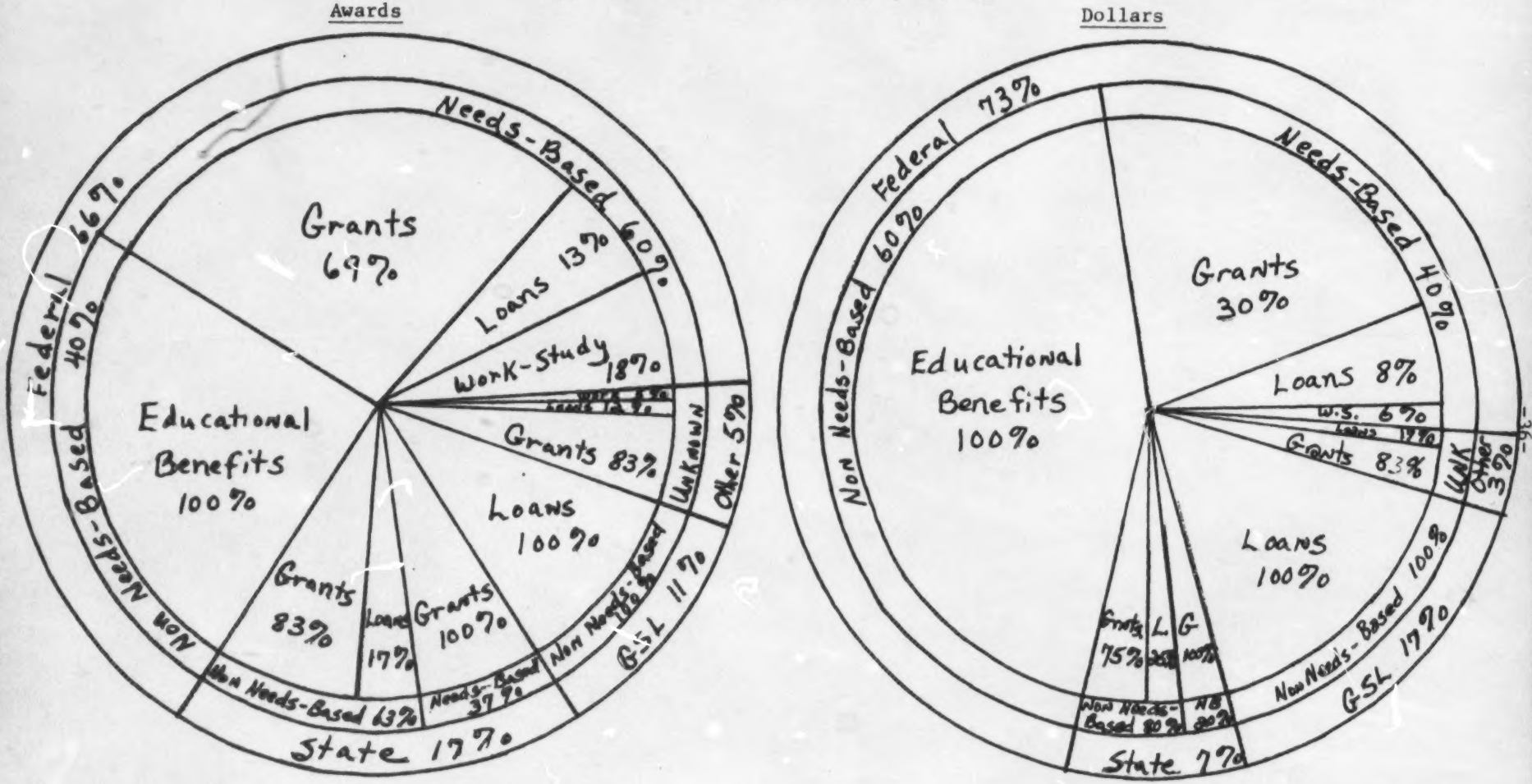
The other major source of financial aid shown in Figure 13 is State aid. State aid programs are expected to distribute $17 million to 31,000 Georgians this academic year, 1981-82. However, 40% of the funds for Georgia's SIG program may be lost entirely. Without a dropout of Federal funds State aid expenditures are expected to increase to $19 million in 1983-84. With a dropout of Federal funds they are expected to decrease to $16 million in that year. Without the dropout of Federal funds the number of recipients of State aid is expected to rise to 35,000 in 1983-84. However, this does not take into account the expected increase in demand for financial aid brought on by the reductions in other programs. Thus, it does not appear that State aid programs as currently funded and designed will be able to contribute significantly to reducing the expected increased demand for financial aid.

Overall then, Georgia is facing a period in which the demand for financial aid is expected to increase substantially. The number of students with demonstrated need, and the amounts of need, are expected to rise. If no new and special efforts are made to counteract this eventuality, the Committee believes that the goals of equal opportunity access to postsecondary education and a diversity of public and private postsecondary opportunities for Georgia students will be substantially set back. Consequently, the Committee believes a reappraisal of the States' role in student financial aid to be of the utmost importance and publishes this report as a stimulus to that reappraisal.

APPENDIX A

Figure A.1

Proportions of Student Aid Awards and Dollars by Source of Aid, Type of Aid, and Basis of Aid, 1979-80



Total = 186,218*

Total = $228,659,949

*A student receiving aid under two programs is counted each time.

Appendix B

Analysis of Financial Aid Changes
1979-80 to 1983-84

Federal Educational Benefit Programs

Three programs are administered by the Veterans Administration: Veterans Educational Assistance (VEA), Dependents Educational Assistance (DEA), and Vocational Rehabilitation (VR). During academic year 79-80, these programs distributed $42.8 million to 21,590 students attending colleges in Georgia.[1] During the next year this decreased to $40.0 million serving 17,282 students. According to Veterans Administration officials no significant changes are forecast.

Projections for subsequent years were derived by continuing the pattern observed between 79-80 and 80-81. The resulting figures are $38.2 million in 81-82 serving 15,473 students, and $37.7 million in 82-83 serving 13,977 students.

The Social Security Administration distributed $39.9 million to 18,358 students in Georgia during 1979-80.[2] By June, 1980 these figures had risen to $48.2 million serving 19,725 students.

The Reconciliation Act of 1981 calls for the gradual phase out of this program. Students receiving benefits August of 1981 who enroll in postsecondary education institutions before May of 1982 will continue to receive the benefits. But, beginning September of 1982 the amounts will be reduced 25% per year to zero by May, 1985. In addition, no benefits will be distributed May through August even if the student is attending classes.

The Committee expects Social Security benefits to peak at $49.9 million in 1981-82 and fall to $25.0 million in 1983-84 on the way to total phase-out by May, 1985. Since students are eligible for this aid only while 18 to 22 years old, the Committee estimates that roughly 25% of the recipients will leave the pool of eligible students each year: approximately 20,000 students served in 1981-82, 16,000 in 1982-83, and about 10,000 in 1983-84.

CETA provided $12.8 million in funds to 9,119 students in Georgia postsecondary education institutions in 1979-80.[3] In 1980-81, $15.1 million went to 11,267 and in 1981-82 $17.2 million will go to 9,119 students. The Reconciliation Act of 1981 calls for a reduction of from 12.5% to 16.5%. Thus, the Committee projects CETA funds to be $15.1 million in 1982-83 and $14.3 million in 1983-84.

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[1] The Controller's Office at the Veterans Administration reports figures by the calendar year which overlaps academic years. The calendar 1980 figures were assigned to academic 1979-80. Similar assignments were made for subsequent years.

[2] Social Security Administration figures are also reported on the calendar year basis and were assigned to academic years like Veterans Administration programs were.

[3] CETA statistics are reported on a Fiscal Year (FY) basis. FY 79 was assigned to academic 1979-80, etc.

Overall, then, Federal Benefit dollars are expected to decline from $95.5 million in 1979-80 to $77.0 million in 1983-84.

Federal Campus-Based Aid Programs

The Federal Government funds four aid programs in cooperation with post-secondary education institutions nationwide: Pell Grants (formerly BEOG), SEOG, NDSL, and CWSP. These programs are forecast to change substantially.

In 1979-80 $45.7 million in BEOG grants were distributed to 43,917 students in Georgia institutions.[4] In FY 80 the Federal Government spent $2.7 billion on this program which would be $48.9 million in Georgia for academic 1980-81. For 1981-82 $2.35 billion are to be expended which will come to between $42.3 and $45.8 million in Georgia.[5] For 1982-83, the Committee projects $40.9 million in Georgia based on the $2.3 billion set nationally by the Reconciliation Act. The President wants to hold this figure for 1982-83 to $1.7 billion and will propose $1.4 billion for 1983-84 which would be $25.2 million in Georgia.

The SEOG program distributed $3.7 million to 7,500 students in Georgia in 1979-80. This amount remained about the same for 1980-81. The Reconciliation Act holds SEOG in 1982-83 to $278 million which will be $5.0 million in Georgia. The President is to propose abolishing this program for 1983-84.

The NDSL program distributed $6.8 million to 9,510 students in Georgia in 1979-80. The figure for 1980-81 was not readily available but $186 million were expended nationally for 1981-82 which will come to $3.3 million. The Reconciliation Act holds 1982-83 expenditures nationally to $179 million which will be $3.2 million in Georgia. President Reagan will seek the abolishment of this program for 1983-84.

The CWSP allowed 13,000 Georgia students to earn $10.3 million in 1979-80. The figure for 1980-81 was unavailble. For 1981-82 $550 million were expended nationwide which would have been $9.9 million estimated for Georgia. The Reconciliation Act reduces this amount to $9.5 for 1982-83; though the President wants to hold the expenditures to around $7.6. The President is to request $400 million nationally for 1983-84 which will be an estimated $7.2 million in Georgia.

The GSL program is a program in which the Federal Government pays an interest subsidy to private lenders who loan students money for educational purposes. In FY 81 the figure was $2.6 billion and the Reconciliation Act is instituting changes in the program that will hold the FY 82 expenditures to $2.8 billion nationally. In Georgia, $22 million were loaned to students

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[4]These figures are from the U.S. Department of Education Basic Grants End-of-Year Report, Data 1979-80. Georgia's proportion of students was .017% and the proportion of dollars distributed were .018% for this year. These percentages provided a basis for estimating future year amounts and recipients in Georgia.

[5]This range results from two different projection methods. In the first, the Committee took the maximum award of $1,750 and applied the percentage 1979-80 Georgia recipients got of the maximum (58.2%). The result is a $45.8 million estimate. The second method took the .018% of total funds Georgia received during 1979-80 and applied this rate to the new year's figure and arrived at the $42.3 million estimate.

in 1979-80 and $38 million in 1980-81. The Georgia Office of Planning and Budget (OPB) estimates 1981-82 loans to amount to $66 million. But in light of the changes in federal regulations governing the program, $53 million is projected for 1982-83. If that relative decrease were to hold, the 1983-84 figure would be $40 million.

The Federal Government also provides 40% of the funds for Georgia's SIG program. This program coupled with all other State programs administered by the Student Finance Commission distributed $14.8 million in 1979-80 and $15.6 million in 1980-81. The OPB estimate is $17.3 million for 1981-82. President Reagan is to recommend abolishing this program for 1982-83. If these federal funds were to drop out State aid would total an estimated $16.7 million in 1982-83. However, if the Federal Government continues to support the SIG program, it is estimated by OPB that $18.3 million will be spent in 1982-83.

APPENDIX C

Georgia Student Financial Aid Agencies

The Georgia Student Finance Commission is the policy making body for financial aid programs authorized by the Georgia constitution and laws. Two distinct public corporations are affiliated with the Commission and were established for the legal purpose of administering specific programs: The Georgia Student Finance Authority and the Georgia Higher Education Assistance Corporation. In Georgia, the GSL program is administered by the Assistance Corporation. The Corporation is not a lender but serves as the guarantor on loans. The Finance Authority, on the other hand, administers the SIG program, the GTEG program, the LEPD program, the North Georgia College ROTC scholarship, and acts as a lender in the GSL program through the SDSL and Military Service Loan programs.

The convention employed in this report is to address all recommendations to the Georgia Student Finance Commission even in cases where legislative action may be required.

In addition, State funds are distributed by the State Medical Education Board which administers the State's medical scholarship program. These scholarships are repayable by service and are on a critical field and need basis.

APPENDIX D

Comparison of Actual and Proposed Eligibility and Basis of Aid Requirements for State Financial Aid Programs

Actual Requirements	Committee Proposals
General Requirements	
·Must be enrolled in good standing or accepted for admission in an eligible non-profit postsecondary college or school located in Georgia.	. The Committee believes that otherwise eligible students attendy any appropriately accredited Georgia institution should be eligible
·Must be a legal resident of Georgia for a minimum of 12 consecutive months immediately preceding the date of registration for the school term for which a state educational grant is being sought.	· Change "educational grant" to "financial aid."
·Must be a U.S. citizen or classified as a permanent resident alien.	·No Change
.Must not be receiving a loan, a guaranteed student loan, a scholarship, a grant or other financial aid from any state agency outside Georgia for the subject school year.	·Not needed if amounts from such other sources are factored into needs analysis -- which is what the Committee proposes.
·Must be enrolled as a full-time undergraduate student each school term.	·Full- and Part-Time students should be eligible.
Additional Requirements for SIG	
·Must not have a four-year or a five-year college degree.	·A student with such a degree who meets the other requirements should be eligible subject to the proviso of the Duration of Aid Policy which limits the number of years people can receive State aid.
·Must not owe a refund on a previous vious grant received under the SIG, BEOG, or SEOG programs.	·No change

Actual Requirements	Committee Proposals
·Must not be in default on any loan previously obtained under the guaranteed student loan program.	·No Change
·Must show substantial financial need by using the FAF.	·No Change (If needs analysis through uniform methodology.)
·Must be maintaining satisfactory progress in the course of study pursued according to the standards and practices of the school attended.	·No Change (Seems to duplicate the 5th general requirement .)
	·A requirement of merit or capability is needed to use if funds are not sufficient to meet all demonstrated need.
Additional Requirements for LEPD	
.Must be the dependent child of a law enforcement officer, fireman, or prison guard in Georgia who has been permanently disabled or killed in the line of duty.	·The Committee believes this program with this eligibility requirement violates the basis of aid policy by not requiring a needs or critical field test.
Additional Requirements for North Georgia ROTC Grant	
·Must attend North Georgia College and be enrolled in the Army ROTC program.	·The Committee believes this program with this eligibility requirement violates the basis of aid policy by not requiring a needs or critical field test.
Additional Requirements for GTEG	
·Must be enrolled in or accepted for admission by an eligible independent college or university in Georgia.	·The Committee believes this program with this eligibility requirement violates the basis of aid policy by not requiring a needs test and that appropriately accredited proprietary institution students should be eligible.
General Requirements for Georgia GSL	·The Committee believes that converting the Georgia GSL program to a needs basis could generate desired needs-based loan monies.
.Must be a United States citizen or national, or otherwise meet the requirements described on the Student Application for Loan Guarantee.	

Actual Requirements	Committee Proposals
·Must be a legal resident of Georgia if you plan to attend school outside Georgia. If you are a legal resident of some state other than Georgia, you may apply for a loan under the Georgia program only if it is for the purpose of attending a school located within Georgia.	·No Change
·Must be enrolled at least half-time in or accepted for admission by a school approved for purposes of the loan program by the U. S. Department of Education and the Corporation.	·The Committee believes that the one-half time requirement is too strict. Otherwise eligible and needy part-time students should be eligible for prorated loans. The Committee also believes that the Corporation's list of approved schools should be the same as the U.S.D.E. list and include any other institutions accredited by a Council on Postsecondary Accreditation (COPA) recognized accrediting agency.
·Must be determined by the school attended to be in good standing and making satisfactory progress.	·No Change
·Must not be in default on a prior guaranteed student loan, and must not, as determined by the school attended, be in default or owe a refund on any federal grant or loan assistance previously received for attendance at that school unless satisfactory arrangements have been made to repay that debt.	·No Change
<u>Additional Requirements for SDSL</u>	
·Must be a legal resident of Georgia.	·No Change
·Must meet at least one of the following criteria.	
a. Be accepted for admission or enrolled in an approved critical field of study.	·The Committee believes this program should be available to otherwise eligible students attending any appropriately accredited Georgia institution.
b. Be a classroom teacher with a valid Georgia teaching certificate at a minimum T-4 level pursuing certification in an additional approved area of special education.	·The Committee believes that this program should be for students with demonstrated need <u>or</u> for those pursuing critical fields of study.

Actual Requirements	Committee Proposals
c. Be a member of the Georgia National Guard, or	• The Committee believes that this program should be for students with demonstrated need or for those pursuing critical fields of study.
d. Be unable to obtain a guaranteed student loan from other eligible lending institutions in your home area.	• The Committee believes that this program should be for students with demonstrated need or for those pursuing critical fields of study.
Approved Critical Fields of Study	
UNDERGRADUATE/VOCATIONAL/HOSPITAL Agricultural Teacher Dental Hygiene Dietetics Health Administration Industrial Arts Teacher Laboratory Technology Medical Records Administration Medical Technology Nurse Anesthesia Nursing (AS, BS, Diploma, and LPN) Occupational Therapy Pharmacy Physical Therapy Physician's Assistant Radiologic Technology Respiratory Therapy	• The Committee believes that systematic and continuous evaluation and update of this list should be conducted.
GRADUATE AND SPECIALIZED Anesthesia Technology (Master's Degree) Dentistry Dietetics (Master's Degree) Health Administration (Master's Degree) Medical Records Administration (Master's Degree) Nursing (Master's Degree) Optometry Physical Therapy (Master's Degree) Radiologic Technology (Master's Degree) Respiratory Therapy (Master's Degree) School Psychology (Master's Degree and 6th year) Special Education (Master's Degree and Specialist) Veterinary Medicine	

APPENDIX E

Table E.1

Number of Accredited* and Non-Accredited Postsecondary Institutions in Georgia by Sector**

Sector	Number Accredited	Number Not-Accredited	Totals
Public Colleges/Universities	34	0	34
Public Area Vocational-Technical Schools	27	3	30
Private Colleges/Universities	37	3	40
Private Certificate/Diploma Institutions	7	2	9
Proprietary Degree Institutions	9	1	10
Proprietary Certificate/ Diploma Institutions	15	176	191
TOTALS	129	185	314

*Accreditations valid if accrediting agencies approved by USDE or COPA.

**Based on Spring 1980 Program Inventory Verification Survey.

APPENDIX F

Table F.1

Number of State Financial Aid Programs by Basis of Aid and Sector

Basis of Aid	Sectors Served				Total Number of States*
	Public Only	Private Only	Public & Private	Proprietary	
Need Only	0	12	36	23	40
Need/Merit	0	1	14	8	15
Merit Only	0	0	6	0	6
Pure Equalization	0	8	0	0	9
Critical Fields	0	0	14	0	14
Special Category	0	4	13	0	13
Attendance Loan	0	0	25	0	25
TOTAL NUMBER OF STATES*	0	19	49	28	

Sources: Education Commission of the States. State Support of Private Higher Education: Programs in Operation or Approved in the 50 States and D.C. as of January 1, 1980. Robert H. Fenske and Joseph D. Boyd. State Need-Based College Scholarship and Grant Programs: A Study of Their Development, 1969-1980. College Board Report No. 81-7, 1981.

*Columns and rows do not sum to totals because most states have several financial aid programs.